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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Thursday 15 March 2018

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EXITING THE EUROPEAN UNION

The Secretary of State was asked—

Support for Farmers

1. **Chris Davies** (Brecon and Radnorshire) (Con): What recent discussions he has had with the Secretary of State for Environment, Food and Rural Affairs on support for farmers after the UK leaves the EU.

[904374]

12. **Craig Tracey** (North Warwickshire) (Con): What recent discussions he has had with the Secretary of State for Environment, Food and Rural Affairs on support for farmers after the UK leaves the EU.

[904389]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): We continue to work closely with the Secretary of State for Environment, Food and Rural Affairs on support for farmers. The Government will provide the same cash total in funds for farm support until the end of the Parliament to maintain stability for farmers as we seek to grow our world-leading food and farming industry in a sustainable way. Furthermore, the Government are currently consulting on future farming policy, seeking views on a range of possible paths to a brighter future for farming.

Chris Davies: I welcome the pledge from the Government to provide financial support for farmers in Wales, and of course in the rest of the UK, after Brexit. Does the Minister agree that this commitment will provide the stability to allow farmers to continue providing high-quality produce, without having a negative effect on the environment?

Mr Baker: I agree. British food enjoys a reputation for quality that has been built on high animal welfare standards and strong environmental protections. The Government's proposals will support farmers to grow more, sell more and export more great British food, and ensure that we are the first generation to leave the environment in a better state than we inherited it.

Craig Tracey: Recently I met local National Farmers Union farmers in my constituency who are frustrated by the complexity of and frequent delays in the EU's basic payment scheme. When working with the Environment Secretary, will the Minister encourage a simpler system that will see farmers paid on time once we leave the EU?

Mr Baker: Yes, we will give such encouragement. I know that my colleague the Secretary of State for Environment, Food and Rural Affairs has listened to concerns and is consulting on arrangements to simplify and improve the delivery of the common agricultural policy while we continue to participate in it. Outside the CAP, with a system based on simpler and more effective rules, we will be able to support farmers to grow more, sell more and export more great British food.

Neil Gray (Airdrie and Shotts) (SNP): Why will the Minister not respect the desire of NFU Scotland to have the powers on agriculture devolved in full and then for a UK framework to be developed?

Mr Baker: Yesterday I attended the Joint Ministerial Committee plenary session, and I have to say that the First Minister's tone was very constructive. I feel sure we will work with her to take forward the framework discussions—and, I hope, satisfactorily.

Alan Brown (Kilmarnock and Loudoun) (SNP): Farmers need to know what a transitional deal is going to look like, what a trade deal is going to look like and about labour constraints. To go back to the question asked by my hon. Friend the Member for Airdrie and Shotts (Neil Gray), why will the Minister not listen to NFU Scotland and ensure that all agriculture powers are assigned to Scotland so that the Scottish Government can design a policy to suit Scottish farmers?

Mr Baker: Of course we are listening, and in the run-up to the March European Council we very much have the concerns of the devolved Governments in mind, but we must ensure that the internal market of the United Kingdom continues to function. We will go forward with those two tensions in mind.

Jeremy Lefroy (Stafford) (Con): Stafford constituency has one of the largest areas for growing soft fruit, and indeed lettuces, in the country, meaning that we have less reliance on imports. However, those involved are very concerned about the great workers who come to harvest those crops. What assurances will the Minister give me that he is working together with his counterparts in the Department for Environment, Food and Rural Affairs to make sure that the supply of people to harvest those crops is still available after we leave? *[Interruption.]*

Mr Baker: We have commissioned the Migration Advisory Committee to give us advice on migration policy. As we have always said, this vote was not a vote to pull up the drawbridge, and we will ensure that policy reflects the needs of the United Kingdom's economy, particularly the sector my hon. Friend mentioned.

Mr Speaker: The hon. Member for Huddersfield (Mr Sheerman) was wittering about strawberries in December, or something of that sort. Anyway, we look forward to hearing his views with force and eloquence later in our exchanges.

Exit Negotiations

2. **Sir Desmond Swayne** (New Forest West) (Con): What recent progress has been made on negotiating the terms on which the UK will leave the EU. [904375]

4. Patrick Grady (Glasgow North) (SNP): What recent progress he has made in negotiations on the UK leaving the EU. [904377]

5. Stephen Gethins (North East Fife) (SNP): What recent progress he has made in negotiations on the UK leaving the EU. [904379]

The Secretary of State for Exiting the European Union (Mr David Davis): Before I answer, may I take this opportunity to express my condolences to the family of Warren Hawksley, an erstwhile colleague of ours? He was a Maastricht rebel and a great friend of mine; he was very highly principled and very energetic—sometimes too energetic—in pursuit of his views, but, as I say, I express my condolences to his family.

Our immediate goal is to agree a strictly time-limited implementation period by the March European Council next week. This is crucial to helping us build a bridge from where we are to where we want to be on our exit. We have also been working hard to codify the joint report into legal text. We are confident that both of these aims are within reach. Finally, the March European Council is expected to issue the negotiating guidelines to the Commission to negotiate the future partnership. We are seeking to ensure that those guidelines are as broad and open as possible to allow the most constructive negotiation to deliver the close relationship we are aiming for.

Sir Desmond Swayne: It could be the making of us, couldn't it?

Mr Davis: I could be just as pithy as my right hon. Friend and say yes.

Patrick Grady: Does the right hon. Gentleman foresee a scenario in which the deal negotiated is so mind-bogglingly positive that all the other European Union states want that kind of relationship as well, and the European Union itself implodes? Or does he accept that membership is the best possible relationship we can have with the European Union, so any new settlement will be disadvantageous compared with what we have now?

Mr Davis: Those who made a decision on the last part of the hon. Gentleman's question were the British people—17.5 million of them—and they decided that that was not the case. Let me respond to the first part of his question, however, because he does have a serious point. Certainly in the institutions of the European Union, and in some member states, there are concerns that if we are too successful that will be tempting to others. I do not believe that that is a real fear, because we have unique circumstances—the English language, our historic traditions, our world network, our island status, our law—that other countries do not have. That is no fault of their own; they just do not have those advantages. That is what will allow us to make the best of this situation.

Stephen Gethins: I am aware that some in the right hon. Gentleman's party have accused others in that party of fantasy politics. Does he believe that any transition period can be based on World Trade Organisation principles?

Mr Davis: It is fascinating to have a lecture from the SNP on fantasy politics. We are proposing a transition period based on existing arrangements and rules, so

that the British people and companies—and, indeed, European people and companies—have only one transition to make.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): It was disappointing to see the aggressive line in last week's EU document on maintaining full access to our fishing waters. Will the Secretary of State assure me that the Department is being robust on behalf of my Northumbrian fishermen in any negotiations, to ensure that we regain control of our fishing waters before deciding whom to allow to fish in them?

Mr Davis: My hon. Friend is right, and it was a very odd linkage to make. The simple truth is that when we leave the European Union we will be an independent coastal state, and as a result we will control our own waters. As stated in DEFRA questions last week, we will continue negotiations with neighbouring states about catch—because fish move—quotas, and all the rest of it. However, we will control our own destiny.

Hilary Benn (Leeds Central) (Lab): The UK is party to around 40 trade agreements negotiated by the EU, but at least two of those countries have indicated that they will seek concessions from the United Kingdom in return for rolling over those agreements during the transition period. Will the Secretary of State assure UK exporters that they will be able to continue to trade with those countries on the same basis as now and with the exact same benefits, and that we will not end up in a situation where those countries will have preferential access to our market, while UK businesses lose the same access to their markets?

Mr Davis: The right hon. Gentleman's stance is fascinating, because the customs union proposal that the Labour party recently came up with induces exactly the risk that people will have access to our markets without our necessarily having complementary access to theirs. Indeed, that was the view espoused by the shadow Secretary of State for International Trade not long ago.

Mr David Jones (Clwyd West) (Con): I wish my right hon. Friend every success in the negotiations which, as he said, will reach an important stage next week. Will he confirm that it remains the Government's position that no deal is better than a bad deal, and that all necessary resources—financial and otherwise—will continue to be deployed with an eye to such an eventuality?

Mr Davis: Yes, and interestingly my right hon. Friend's question links to that asked by the hon. Member for Glasgow North (Patrick Grady) about whether some people on the continent think that letting us get a good deal would be a bad thing for the future of the European Union. Were people to turn that into a punishment deal, plainly no deal would be better than that. We are, of course, allocating the necessary resources, as the Chancellor has said.

Tom Brake (Carshalton and Wallington) (LD): The Secretary of State backs a 21-month transition period. Given that the Government's own impact assessment points to every sector and region of the UK being damaged by Brexit, what discussions has he had with

different sectors about the extra damage that a short, 21-month transition period could inflict on jobs here? Which sectors or companies have told him that a 21-month transition period is acceptable—the CBI, for example, which called for a three-year transition period, or the EEF, which called for at least two years?

Mr Davis: The first thing I would say is that there is no official Government document that makes that forecast. There is work in progress, but that is not an official Government forecast—indeed, we do not believe it. The simple truth is that, first off, the most important priority is to establish an implementation period as soon as possible, so that companies can have certainty. That is the view of the CBI, the British Chambers of Commerce, the Institute of Directors and pretty much every other business group there is.

Northern Ireland/Republic of Ireland Border

3. **Carol Monaghan** (Glasgow North West) (SNP): What steps he is taking to ensure that there are no border controls between Northern Ireland and the Republic of Ireland after the UK has left the EU. [904376]

9. **Hugh Gaffney** (Coatbridge, Chryston and Bellshill) (Lab): What recent discussions he has had with Cabinet colleagues on border infrastructure in Northern Ireland after the UK leaves the EU. [904386]

The Parliamentary Under-Secretary of State for Exiting the European Union (Suella Fernandes): The Prime Minister reaffirmed her commitment to the Northern Ireland-Ireland border in her Mansion House speech, recognising the unique circumstances of Northern Ireland and our shared commitment to avoiding a hard border. The joint report, agreed in December, also made clear our intention to avoid a hard border and physical infrastructure, or related checks and controls, between Northern Ireland and Ireland. We have always been clear that we will not agree anything that threatens the constitutional or economic integrity of the United Kingdom.

Carol Monaghan: Given that the Government have said the border will remain friction free or frictionless, and that there will be no border in the Irish sea, the question many of us continue to ask is how can this happen?

Suella Fernandes: The Government have made clear their unwavering commitment to three guiding principles in relation to Northern Ireland and the Republic: there should be no hard border between north and south; the Belfast agreement must be honoured; and the constitutional and economic integrity of the United Kingdom must remain unimpaired. The Prime Minister set out, most recently in her Mansion House speech, how that might be achieved. We are also building on the options set out in the August position papers, which set out practical options for how we might take this forward.

Hugh Gaffney: How do the Government expect to avoid a hard border if they are ruling out any form of customs union?

Suella Fernandes: It is the unwavering commitment of the Government that the economic integrity of the United Kingdom remains intact. If the United Kingdom is leaving the customs union, so is Northern Ireland.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I am certain my hon. Friend has seen the paper “Smart Border 2.0”, which was prepared for the European Parliament’s constitutional affairs committee. It does not provide the whole solution, but it does show how technology will help to solve this problem. Does she agree that this will solve it and ensure the integrity of the United Kingdom?

Suella Fernandes: I thank my hon. Friend for his question. The report to which he refers is an interesting document, but it does not go as far as the commitment made by the United Kingdom. Our unwavering commitment is to not introduce any physical infrastructure at the border. We have explicitly ruled that out. The report is interesting, but it does not go all the way.

Vernon Coaker (Gedling) (Lab): May I make a plea to the Minister to recognise that this is about much more than just the movement of goods or services? This is about a cultural issue and the movement of people—it is about all of that. The symbolism is enormous and the Minister needs to ensure that that is recognised, time after time in all the talks she has, to reassure the people of both parts of Ireland.

Suella Fernandes: The common travel agreement is absolutely fundamental to any future arrangement, ensuring and enabling the free flow of people across the border. It is vital that that forms part of any future arrangement.

Jenny Chapman (Darlington) (Lab): I do not think that Ministers quite appreciate the level of concern across the House on this issue. Whenever I have visited the Irish border, I have come face to face with the reality of what the installation of any cameras or any infrastructure would mean. It would not last a day, Minister; it would not last a day. Why will the Secretary of State not even visit the border, so that he can appreciate why people are so concerned? I do not know whether she has been, but will she encourage the Secretary of State to do so?

Suella Fernandes: We do not underestimate the importance of this issue. My fellow Minister, the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker), has been to the border and engaged regularly with Members from Northern Ireland and those involved in this issue. The Secretary of State has also been to the border, prior to his appointment to this position, and is very much apprised of the sensitivities and importance of this critical issue.

Jenny Chapman: I think that says all we need to hear. What we want to know is how can we ensure an open border without a customs union? We have looked everywhere we can think of to identify a border anywhere on earth that is open and has no customs union. The Prime Minister referred to the border between the United States and Canada. Can the Minister confirm that the Prime Minister has ruled that out as an option, and can she tell us where on earth there is a border that is open with no customs union?

Suella Fernandes: The hon. Lady really needs to go back and listen to what the Prime Minister said at Mansion House. She spent a lot of time looking at this

issue and is very much interested in finding solutions. There are many proposals on the table that would be viable and workable, and the Government are in the process of considering them. A trusted trader scheme, exemptions, authorised economic operator arrangements—all these options are on the table and are subject to the negotiations.

Support for Manufacturers

6. **Nic Dakin** (Scunthorpe) (Lab): What discussions he has had with Cabinet colleagues on support for manufacturers after the UK leaves the EU. [904381]

15. **Graham P. Jones** (Hyndburn) (Lab): What discussions he has had with Cabinet colleagues on support for manufacturers after the UK leaves the EU. [904393]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): This is, of course, a topic of frequent interest. Leaving the EU allows us to consider how our economy is shaped and presents an opportunity to deliver a pro-competitive, pro-innovation industrial strategy that builds on our strengths, provides certainty and stands the test of time, so that we have a resilient economy, ready for the future.

Nic Dakin: To ensure that trade is fair as well as free, there are over 40 defence instruments in place regarding steel at the European level. The behaviour of the US Administration at the moment may well mean that increases. Can the Minister give confidence to the steel industry that these trade defence instruments will remain in place at the point of moving out of the European Union?

Mr Baker: This Government are very disappointed by the President's intention to place tariffs on steel and aluminium. The UK fully supports open and free trade and measures to tackle unfair trade practices. As part of the preparations for the UK's exit from the EU, we are committed to creating a trade remedies framework that is able to react efficiently and effectively. When the UK leaves the EU, we will remain a member of the World Trade Organisation. We will play a full part in promoting compliance with the rules-based trading system and, if necessary, make use of the WTO's dispute resolution procedures in defence of our national interest—*[Interruption.]* The hon. Gentleman is barracking me from a sedentary position. I say to him that if we adopted Labour's position, all our trade remedies would be the policies of the European Union and not of the United Kingdom.

Graham P. Jones: The chief executive of ADS—Mr Paul Everitt—which represents companies in the aerospace, defence, security and space sectors, has said:

“A customs union with the EU is a practical solution that would put businesses in the best possible position to compete after Brexit.”

If the Government care about manufacturing, will they reconsider their position on the customs union?

Mr Baker: Of course we are concerned about aerospace; it is one of our greatest industries. I remind the hon. Gentleman of what was said by his hon. Friend, the hon. Member for Brent North (Barry Gardiner). He

said that retaining membership of a customs union would be “deeply unattractive”, because it would stop us negotiating our own trade deals:

“As a transitional phase, a customs union agreement might be thought to have some merit. However, as an end point it is deeply unattractive. It would preclude us from making our own independent trade agreements with our five largest export markets outside the EU”.

For all the hon. Member for Hyndburn (Graham P. Jones) says, his party is at sixes and sevens.

Mr Peter Bone (Wellingborough) (Con): If China is illegally dumping steel in the United Kingdom, will the excellent Minister agree that it is better that the British Government decide what the remedy is, rather than the European Union?

Mr Baker: I certainly agree that we should have our own trade policies in place and that we should not be standing against free trade. We should be unequivocally embracing free trade, but we must stand against unfair, anti-competitive practices, and that is what we will do.

Thangam Debbonaire (Bristol West) (Lab): If the Secretary of State and the Government will not consider the customs union, what specific support will they give to the aerospace sector, which employs so many people in Bristol?

Mr Baker: I have good news for the hon. Lady. Both sides have agreed in principle that we should have a free trade agreement covering all sectors with zero tariffs. We believe that with a good-quality customs agreement we can achieve near-frictionless trade, and I believe that, taken together, those arrangements will ensure that our manufacturing industries, including aerospace, will have an ever brighter future.

Matthew Pennycook (Greenwich and Woolwich) (Lab): The EEF—the voice of UK manufacturing and engineering—as well as ADS Group Limited, the CBI, the Institute of Directors and trade unions welcome Labour's call for the negotiation of a comprehensive new UK-EU customs union post Brexit. Can the Minister name any significant manufacturing organisation or association that is on record as stating that either of the Government's two customs propositions, set out in their future partnership paper in August last year, is remotely credible or workable?

Mr Baker: I remind the hon. Gentleman that his hon. Friend the Member for Brent North said that remaining in a customs union would be a “disaster”. What we need to do is stand up for the consumer interest, and that means taking control of our tariff policies while ensuring free and frictionless trade.

Erasmus plus Programme

7. **Andrew Lewer** (Northampton South) (Con): What discussions he has had in negotiations on the UK leaving the EU on continuing UK participation in the Erasmus+ programme. [904382]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): We have committed ourselves to continued UK participation in the Erasmus+

programme until 2020, and we welcome the opportunity to give clarity to young people as well as the youth and education sectors. While no decisions have yet been made about the post-2020 participation, since the scope of that programme has not been agreed, the Prime Minister said in her recent speech that the Government would seek an ongoing relationship in respect of

“educational and cultural programmes, to promote our shared values and enhance our intellectual strength in the world”.

Andrew Lewer: Is the Department liaising with the European Parliament’s Committee on Culture and Education and its Chair, Petra Kammerevert, and the European Commission’s Directorate-General for Education, Youth, Sport and Culture to discuss how Erasmus+ applications that are submitted before the Brexit date will be implemented?

Mr Walker: I recognise my hon. Friend’s considerable expertise when it comes to the European Parliament. Ministers from our Department regularly engage with Members of the European Parliament. We have also met members of the Committee on Culture and Education to discuss a range of EU exit issues, and we will continue to seek opportunities to meet them. The Department for Education is the lead Department for Erasmus+ policy, and its officials are in regular touch with the Directorate-General for Education, Youth, Sport and Culture.

Alison Thewliss (Glasgow Central) (SNP): Scotland has benefited from €64.8 million of funding for 658 projects since 2014. Coming out of Erasmus+ will mean not only a loss of money, but a loss of opportunity for young people in Scotland. How does the Minister intend to replace that?

Mr Walker: In her Mansion House speech, the Prime Minister said:

“There are many...areas where the UK and EU economies are closely linked—including...education and culture.”

It is clear that we have an ambition to discuss potential future participation in those areas; and, of course, the UK has a wide range of international programmes, which we can consider how to extend in the years to come.

Implementation Period

8. **Mr Simon Clarke** (Middlesbrough South and East Cleveland) (Con): What recent assessment he has made of the potential merits for the economies of the UK and the EU of an implementation period after the UK leaves the EU. [904383]

The Secretary of State for Exiting the European Union (Mr David Davis): As I said in my speech in Teesport, an implementation period will benefit both the European Union and the United Kingdom. It is in no one’s interest on either side for businesses to rush through contingency plans based on guesses about a future deal. That would cause delayed investment, a slowing of job creation and a stifling of the hard-won economic growth on which our continent depends.

Businesses have been clear about the importance of an implementation period, which will give them time to build new infrastructure and set up new systems to

support our future partnership and allow for as free and frictionless trade as possible. The implementation period will allow them to make their decisions on the basis of knowledge about what the future deal will look like. It will ensure that our businesses are ready, because they will have to adjust to only one set of changes, and, importantly, it will allow European Governments to do the same.

Mr Clarke: I thank my right hon. Friend for that answer and for his visit to Teesport earlier this year, which was much appreciated. Two thirds of people in my constituency voted for Brexit. Can my right hon. Friend reassure them that any implementation period will indeed be time-limited and handled in a way that will provide for a smooth exit for business?

Mr Davis: Yes. A time-limited implementation period will ensure a smooth and orderly exit from the European Union. During the period, the United Kingdom and the European Union will continue to have access to each other’s markets on current terms by replicating the effects of the customs union and the single market, and businesses will be able to continue to operate on the same terms as now. That will provide vital certainty and stability as we move towards our future partnership.

Let us be clear: we are leaving the European Union on 29 March 2019, and only when the United Kingdom is no longer a member state will we be able to take advantage of our status as an independent trading nation.

Manufacturing

10. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What discussions he has had with Cabinet colleagues on the effect of the UK leaving the EU on the manufacturing sector; and if he will make a statement. [904387]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): The manufacturing sector is of course a frequent topic of discussion among Cabinet members and colleagues across the Government. As the Prime Minister set out in her Mansion House speech, the UK will seek the broadest and deepest possible agreement with the EU, covering more sectors and co-operating more fully than in any free trade agreement anywhere in the world today. I am especially encouraged by the Chancellor’s spring statement, which confirmed that the manufacturing sector is enjoying its longest unbroken run of growth for 50 years.

Mr Sheerman: Why, every time there is a manufacturing question, does the Secretary of State hide behind his junior team? That is the fact of the matter: he does not want to confront manufacturing. Is it not the truth that there is a secret document in the Business Department that shows that, post Brexit, London will survive and thrive but the rest of the country—the north of England, manufacturing—will be in dire straits? That is the truth. Why does the Secretary of State not stand at the Dispatch Box and defend manufacturing?

Mr Baker: I lament the hon. Gentleman’s continual determination to talk down this country. I am happy to tell him that Unilever has today shown its long-term

commitment to the UK by choosing to locate its two fastest-growing global business divisions in this country, safeguarding 7,300 jobs and £1 billion a year of investment. As the company has made clear, its decision to transfer a small number of jobs to a corporate headquarters in the Netherlands is part of its long-term restructuring and is not connected to the UK's departure from the EU.

Clive Efford (Eltham) (Lab): On the basis that it is subject to negotiation, the Government have refused to implement the agreed replacement to the regime for the inadequate 2004 clinical trial directive. This is essential for our pharmaceutical trade, because we face going off a cliff edge and not being able to participate in collaborative clinical trials with EU research institutions, so when is the Minister going to implement that replacement directive?

Mr Baker: As part of exit negotiations, the Government will discuss with the EU and member states how best to continue co-operation in the field of clinical trials. The UK has been working towards implementation of the new European clinical trials regulation since it was agreed in 2014. The application date of the CTR across the EU will be set by the European Commission, and if it is after our exit from the EU, it will not be part of the withdrawal Bill.

Customs Union and Free Trade Agreements

11. **Mr Alister Jack** (Dumfries and Galloway) (Con): What assessment he has made of the effect of remaining in the EU customs union on the ability of the UK to seek free trade agreements with non-EU countries. [904388]

16. **Sir Henry Bellingham** (North West Norfolk) (Con): What assessment he has made of the effect of remaining in the EU customs union on the ability of the UK to seek free trade agreements with non-EU countries. [904394]

19. **Bob Blackman** (Harrow East) (Con): What assessment he has made of the effect of remaining in the EU customs union on the ability of the UK to seek free trade agreements with non-EU countries. [904398]

The Parliamentary Under-Secretary of State for Exiting the European Union (**Suella Fernandes**): If the UK were to remain in the customs union, we would be unable to implement our own trade deals or set our own tariffs. The EU would be able to offer other countries access to our market, but we would not necessarily get access to other countries' markets in return. This would not give us control over our trade policy and it would not respect the referendum result. We have a great chance for the first time in decades to develop a new trade policy by leaving the EU customs union.

Mr Jack: Will the Minister ensure that the final deal allows the UK to agree new trade deals around the world on day one after we leave the EU?

Suella Fernandes: That is one of the big prizes of Brexit: the freedom and chance to develop and sign new free trade deals around the world outside the EU, and it is our commitment that once we leave the EU we will be able to enjoy that freedom to the fullest.

Sir Henry Bellingham: Is the Minister aware that there are a large number of small and medium-sized enterprises in Norfolk that are absolutely determined to increase their exports to new markets? These are dynamic, forward-thinking companies. Further to the question asked by my hon. Friend the Member for Dumfries and Galloway (Mr Jack), what progress is being made with the EU to ensure that we are actually able to negotiate bilateral treaties with third countries during the transition?

Suella Fernandes: It has been the clear commitment of this Government that during the implementation period we will be able to take concrete steps forward in negotiating and signing new free trade agreements with countries outside the EU, although of course they would not come into force until after the end of the implementation period. My hon. Friend is right that leaving the customs union and forging a new trade policy is a chance to open up to British businesses new markets that they have not previously had access to. That will help consumers, increase investment and only lead to prosperity.

Bob Blackman: I thank my hon. Friend for her answers. India currently enjoys a growth rate of 7.5% and is on course to be the fifth biggest economy in the world. Given our cultural links and shared history with our friends in India, does my right hon. Friend—my hon. Friend; I am getting ahead of myself—agree that we have an opportunity to forge a trade deal with India, which will be excellent news for the UK and India?

Suella Fernandes: My hon. Friend is absolutely right. India represents a great opportunity in trade for Britain and British consumers and for our Indian counterparts. It is no coincidence that the Prime Minister made a point of visiting India early on in her premiership. The Department for International Trade has recently completed a trade audit with India to look at the particular barriers, and the joint economic and trade committee has decided to look at four sectors—food, life sciences, IT and services—to see where opportunities can be explored.

Rachael Maskell (York Central) (Lab/Co-op): At a recent meeting in this place, the director general of the CBI highlighted that Germany sells 4.7 times more to China than the UK does. Therefore, being in a customs union does not prevent countries from extending trade with global partners. Does the Minister agree with her?

Suella Fernandes: Well, being in the customs union also puts up prices for consumers in food, footwear and clothes. I am often surprised that the Opposition do not champion the benefits of leaving the customs union, which this Government are doing.

Paul Blomfield (Sheffield Central) (Lab): I do not often cite the International Trade Secretary favourably, but he was right when he was in China with the Prime Minister in February and accepted that a customs union with the EU “self-evidently” does not prevent us from increasing bilateral trade with countries such as China. What assessment have the Government made of the comparative benefits for the UK of being in a customs union and not being in a customs union when it comes to trade with non-EU countries?

Suella Fernandes: As we have a trade deficit with the EU that is increasing—it is currently £70 billion—and a trade surplus with the rest of the world that is growing, our prospects for increased demand clearly come from the rest of the world, where some of the fastest-growing economies lie. Our future prosperity lies with trade both with the EU but, very importantly, with countries outside the EU.

Common Policy Frameworks: Devolved Administrations

13. **Stephen Kerr** (Stirling) (Con): What discussions he has had with the devolved Administrations on mechanisms to agree common policy frameworks as the UK leaves the EU. [904391]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): The UK, Scottish and Welsh Governments have agreed a set of principles for how we approach the creation of common frameworks. We have made significant progress together over the past few months in our intensive discussions and analysis of what future frameworks should look like. The discussions have been guided by the principles agreed in October and report to the Joint Ministerial Committee on EU negotiations, which the Northern Ireland civil service also attends. I am sure that my hon. Friend will welcome the substantial amendment that we have tabled to clause 11 of the European Union (Withdrawal) Bill, under which the vast majority of powers returning from Brussels will flow directly to the devolved Administrations by default.

Stephen Kerr: I do indeed welcome the amendment to the clause 11 that has appeared in the other place, and I am grateful for this opportunity to agree with my hon. Friend. Will he assure the House that Brexit, far from undermining the devolution settlement, will in fact lead to a significant increase in decision-making powers in Holyrood and the other devolved Administrations?

Mr Walker: My hon. Friend is absolutely right. He has pressed us hard on this issue already. The analysis that we published last Friday shows that we are looking at legislative frameworks only in a small minority of areas, and legislation may be required only in relation to a few specific elements. In Scotland, our current analysis indicates that 83 out of 107 powers returning from Brussels will pass directly to Edinburgh on exit. Similarly, the majority of powers for Wales and Northern Ireland will flow directly to Cardiff and Belfast.

Peter Grant (Glenrothes) (SNP): It is interesting that it took the Government six months to come up with a single amendment to a Bill that threatens to destroy the devolution settlement, but their colleagues in the Scottish Tory party took less than a week to come up with 100 wrecking amendments to a Bill designed to protect the settlement.

Given that the question was about the mechanisms to agree common policy frameworks, will the Minister clarify what the procedure will be if the European Union (Withdrawal) Bill goes through with the Government's amendment to clause 11? Does the amendment guarantee that common policy frameworks must be agreed by all

four nations working as a partnership of equals, or does it still give the UK Government the power to impose the frameworks against the will of the devolved nations?

Mr Walker: I am glad that the hon. Gentleman congratulates our Scottish colleagues on their work rate. We are, of course, still seeking consent for the Bill, and discussions to achieve that continue. The UK Government have responsibility for protecting the UK's common market. We cannot have our ability to take action restricted, so we do not think it right for any devolved Administration effectively to have a veto on common frameworks. The UK and the devolved Administrations have always been clear that we will need common frameworks once we leave the EU to make it simple for businesses from different parts of the UK to trade with each other and to help the UK to fulfil its international obligations. The conversation is ongoing, and we will continue to work with the devolved Administrations to secure an outcome that is in the best interests of every part of the UK.

Peter Grant: I note the criticism of the Scottish National party, the Scottish Labour party, the Scottish Liberal Democrats, the Scottish Greens, the Scottish Government, the Welsh Government and the Government of Northern Ireland—and the Government of the Republic of Ireland, for that matter—for all failing to fall into step with the United Kingdom Government. Is it not a fact that, despite promises of a partnership of equals, the Government's preferred legislation will still allow a power grab by Westminster against the devolved nations? It looks like a power grab; it reads like a power grab; and it certainly smells like a power grab. Why will the Government not admit that it is a power grab?

Mr Walker: It is absolutely clear that not a single power that the devolved Administrations currently have would be taken away or in any way affected by this Bill. We are talking about a significant increase in the powers, as they return from Brussels, for each of the devolved Administrations. I think that is something that all parties should welcome.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): Yesterday, following the JMCEN, the First Minister of Scotland said of the Scottish Government:

"We can't have our powers restricted or reduced".

Does my hon. Friend recognise the irony in that, given that the only people who are willing to reduce the powers of the Scottish Parliament are those in the SNP, whose policy continues to be that those powers should remain in Brussels instead of coming back to the United Kingdom?

Mr Walker: My hon. Friend makes an excellent point. I continue to hope that we will all be able to come together to ensure that the powers of each of the devolved Administrations are increased through this process and that we will all be able to work together to secure the prosperity of the UK—Scotland, Wales, Northern Ireland and England.

Farmers

14. **Mr Philip Dunne** (Ludlow) (Con): What steps he is taking to ensure that farmers can continue to access EU markets after the UK leaves the EU. [904392]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): As the Secretary of State explained in December, we want to ensure that UK producers have the maximum freedom to trade with and operate in European markets and to let European producers do the same in the UK. At the same time, we have a unique opportunity to support a thriving and self-reliant farming sector that is more competitive, productive and profitable, to protect our precious natural environment for future generations and to deliver on our manifesto commitment to provide stability for farmers as we leave the EU.

Mr Dunne: One third of British-grown lamb is exported, 90% of it to EU markets and much of it from my constituency. Can my hon. Friend reassure the House that access to these markets will continue to be friction-free and tariff-free post Brexit?

Mr Baker: I will seek to provide that reassurance. As the Prime Minister outlined in her Mansion House speech, we want a deep and special partnership with the EU that allows the freest and most frictionless possible trade in goods, so we do not want the introduction of any tariffs or quotas, and we will want to ensure open markets for each other's products, including agricultural products. We are confident that it is in our mutual interests to agree such an FTA.

Health and Social Care Services

17. **Dr Philippa Whitford** (Central Ayrshire) (SNP): What recent discussions he has had with the Secretary of State for Health and Social Care on the effect of the UK leaving the EU on health and social care services. [904395]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): We continue to work closely with the Department of Health and Social Care on delivering a smooth exit that works for the health and adult social care sectors. We value the huge contribution that EU nationals make to our public services. The agreement reached in principle in December and set out in our joint report will provide EU nationals with certainty about their rights.

Dr Whitford: With the likely effects on the workforce, data sharing, health research and drug access, does the Minister not agree that there should be a formal impact assessment of the effect on the health and social care sector of leaving the EU?

Mr Baker: I remind the hon. Lady that the latest figures from NHS Digital show that there were over 3,200 more EU nationals working in the NHS in September 2017 than before the referendum result. Formal impact assessments will, of course, be produced in the normal way in connection with legislation.

UK Fishing Waters

18. **Mr Philip Hollobone** (Kettering) (Con): What discussions he has had with the Secretaries of State for Defence and for Environment, Food and Rural Affairs on protecting UK fishing waters from non-UK trawlers in the event of there being no UK-EU trade agreement in place when the UK leaves the common fisheries policy. [904397]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): We have been working closely with our colleagues. In England, the Marine Management Organisation is working with the Ministry of Defence and the Royal Navy, as well as the Border Force, the inshore fisheries and conservation authorities and other organisations to deliver fisheries protection and regulation, irrespective of whether an agreement has been reached when we leave the common fisheries policy.

Mr Hollobone: Remainers and leavers are united in the opinion that the very worst aspect of our EU membership is the common fisheries policy. When we leave the European Union, we leave the common fisheries policy. On that day, the armada of EU trawlers that have been plundering Britain's historic fishing grounds since 1973 are not going to be happy that their best years are behind them. Will the Minister ensure that the Royal Navy has the resources it needs to protect our sovereign waters and ensure the rebirth and renaissance of the British fishing industry?

Mr Baker: My hon. Friend makes a serious point, with his usual force. We hope to reach an agreement in our mutual interests but, as the Prime Minister made clear in her Mansion House speech, we are leaving the common fisheries policy, and the UK will regain control over our domestic fisheries management rules and access to our waters. On enforcement, we will strengthen our surveillance capability and make sure that the appropriate capacity is in place to patrol our waters and enforce regulations, as required. This will be underpinned by a robust approach to risk-based assessments.

Mr Speaker: Thanks to the succinctness of colleagues, we go through every question.

Topical Questions

T1. [904400] **Mr Philip Dunne** (Ludlow) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Exiting the European Union (Mr David Davis): In recent weeks, the Prime Minister has set out in more detail the two key pillars of our future partnership with the European Union. In Munich, she set out our clear desire to continue to work closely with our European partners on all aspects of our security policy, both internal and external. At Mansion House, she set out a clear path towards a comprehensive future economic partnership that recognises our unique starting point, our shared history and our common values, but that also respects the result of the referendum and ensures that as we leave the EU, we return control over our money, laws and borders to this House. In the coming months, we will be using the negotiations with the EU to deliver that.

Mr Dunne: Is my right hon. Friend able to reassure the House that, following next week's EU Council meeting, the negotiations will be able to move beyond the transition arrangements?

Mr Davis: On the implementation period, we have made significant progress in a number of areas, and although negotiations are still ongoing, we are confident

that we can reach an agreement on that at next week's EU Council. As my hon. Friend will be aware, article 50 is clear that the withdrawal agreement shall be agreed in line with the framework for the future relationship. We expect new European Union guidelines covering the negotiation of the terms of our future relationship to be agreed at the March Council, as set out by the EU in December. The Prime Minister has set out a vision of the breadth and depth of the future relationship in a number of speeches, and we hope that the EU guidelines will be sufficiently flexible to allow the EU to think creatively and imaginatively about our future partnership. Indeed, I say to him that at least half the effort in the past three months has been aimed at ensuring that we get those flexible, open and broad guidelines by addressing that very issue with the 27 that make up the Council, as well as the Commission.

Keir Starmer (Holborn and St Pancras) (Lab): In January last year, the Secretary of State stood at the Dispatch Box and assured the House:

"What we have come up with...is the idea of a comprehensive free trade agreement and a comprehensive customs agreement that will deliver the exact same benefits as we have".—[*Official Report*, 24 January 2017; Vol. 620, c. 169.]

The Government stood by that assurance for 14 months, but then the Prime Minister's Mansion House speech downgraded the Government's ambitions to reduced access to European markets. What does the Secretary of State have to say for himself now?

Mr Davis: I would say two things to the right hon. and learned Gentleman. Of course, in a negotiation, we go in with the highest possible aspirations, and that is what we intended. Incidentally, he should read his own policy, which I recall has the same aspirations—not very effectively. What we are about is getting the best possible outcome for this country and that is what we will do.

Keir Starmer: We have had a lot of non-answers this morning, if I may say so, Mr Speaker. In addition to downgrading the ambition for the final deal, the Government are also delaying vital legislation in this House. We were expecting to consider the trade and customs Bill this week on Report and Third Reading but, apparently, they have been parked until May because the Government fear losing key votes. There is no sign of other vital legislation coming down the track. This should have been a busy period in Parliament. General debates on the EU are always interesting, but meaningful votes are better. What is going on?

Mr Davis: I thought that business questions came after this session, not now. However, if Opposition Members continue to try to thwart the will of the British people by blocking votes at every turn, that is their responsibility, not ours.

T2. [904401] **Craig Tracey** (North Warwickshire) (Con): Does my right hon. Friend agree that remaining in a customs union after Brexit would prevent one of the major opportunities presented by leaving the EU: taking control of our trade?

Mr Davis: My hon. Friend is exactly right. As the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Fareham (Suella

Fernandes), said earlier, that is one of the great prizes that will come out of our departure from the Union. Indeed, I am rather sorry that the right hon. and learned Member for Holborn and St Pancras (Keir Starmer) did not raise the issue of a customs union explicitly. I know that he has difficulties with his own leadership on these matters, so I thought I should find a leader of whom he did approve, Mr Tony Blair, who said:

"So the way I look at it is that the Labour party position is: it's pulled up its anchor and it's left the kind of, what looks like a safe port, but actually isn't, of being in the same position as the Government...but they'd be very unwise to drop anchor at the customs union, because the truth is that doesn't really resolve your problems. By the way, it doesn't really resolve your problems in Northern Ireland, either."

T3. [904404] **Mrs Emma Lewell-Buck** (South Shields) (Lab): Vital services for people suffering domestic violence, hate crime, discrimination and labour exploitation are funded by the EU rights, equality and citizenship programme. When the consultation on the UK prosperity fund eventually begins, will that programme be part of it?

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): I have had extensive discussions with my right hon. Friend the Secretary of State for Housing, Communities and Local Government about the shared prosperity fund. I have heard the hon. Lady's point and will take it up with him.

T4. [904406] **David Duguid** (Banff and Buchan) (Con): Last weekend, the Secretary of State for Environment, Food and Rural Affairs released a joint statement with the leader of the Scottish Conservatives, Ruth Davidson, about the future of fisheries post Brexit. Does my hon. Friend agree with them that the UK must, on 29 March next year, leave the common fisheries policy and take back control of our waters, which means that the UK will decide annually who catches what, where and when in our exclusive economic zone?

Mr Baker: My hon. Friend has become a relentless champion of the fisheries cause, as exemplified by his speech in the Chamber yesterday. He is a doughty champion of his constituents and of the fishing cause more widely. The Government share his impatience to leave the common fisheries policy. The view of the House has been made clear in questions on fisheries today. We will take that impatience to leave the CFP forward to our negotiations. As an independent coastal state, we will have control of our exclusive economic zone, be responsible for the management of natural marine resources in that area, and be able to control and manage access to UK waters, including fisheries.

T5. [904407] **Jo Platt** (Leigh) (Lab/Co-op): The Government document that the Exiting the European Union Committee released last week stated that the Department for Business, Energy and Industrial Strategy is "coordinating analysis of the impacts of a potential loss of 48 hour working week".

Why are the Government seeking to use Brexit as an excuse to steal workers' rights?

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): We are not and we never have been. We have been clear from the start that we will protect all our workers' rights.

T6. [904408] **Chris Davies** (Brecon and Radnorshire) (Con): Our leaving the common agricultural policy gives the farming industry a historic opportunity to take back control of our farming policies. Does my hon. Friend agree that it is essential that we protect the interests of family farmers, such as those in my constituency, by continuing the direct payment of subsidies?

Mr Baker: The Government recognise the importance of supporting smaller farms, including family farms, as we leave the common agricultural policy. Our consultation paper sets out our detailed proposals for a gradual transition during which we continue direct payments while applying reductions—for example, starting with those in receipt of the highest payments. The Government are seeking views on the proposals and inviting all those affected to contribute to the discussion. I hope that my hon. Friend will ask his constituents to play their part.

Mr Pat McFadden (Wolverhampton South East) (Lab): While talking about Northern Ireland, the Under-Secretary of State for Exiting the European Union, the hon. Member for Fareham (Suella Fernandes), made the significant statement that the report by Mr Lars Karlsson did not meet the Government's test of there being no physical border infrastructure. Will the Secretary of State repeat that statement and say that, in his view, the report does not meet that test?

Mr David Davis: That is an important question. I will certainly say to the right hon. Gentleman that it does not meet all our criteria. We want to maintain no physical structures at the border and no visible border—a very light-touch border. I remind him, however, that the border does exist as a financial border. There are different fiscal and excise policies north and south of the border, and we have to manage that now. We do so without the border being visible, and we will do that in the future.

Paul Masterton (East Renfrewshire) (Con): If we leave the single market, we will also leave the passporting regime, as the Prime Minister has made clear. What steps is the Department taking to negotiate successor arrangements for UK financial services firms that access EU markets?

Mr Robin Walker: We are working closely with the Treasury to prepare for a comprehensive and ambitious arrangement on financial services. The Prime Minister gave an indication of that in her Mansion House speech, and we are very clear that it should be in the interests of both the UK and the EU to reach agreement in this area, not least to protect the financial stability of Europe.

Karin Smyth (Bristol South) (Lab): I very much welcomed the Secretary of State's most recent answer, but it would be helpful to understand whether all the Government's requirements can be met without any infrastructure whatsoever. Last night, my hon. Friend the Member for Darlington (Jenny Chapman) made a generous offer when she said that she and I would take him to the Irish border so that he could see for himself how it works now. I absolutely support her in that offer, so will he join us on a visit to see how the border works?

Mr David Davis: I will not take the offer, I am afraid. The Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Fareham, referred to my previous look at the border. The purpose then—it was around the time of or just before the Belfast agreement—was to look at the issue of smuggling. *[Interruption.]* That was one occasion. This is an important issue—indeed, the very last conversation I had with Martin McGuinness was about exactly this—and I will do so when the time arises. The simple truth is that this border issue is resolvable if we have a free trade agreement and, if we have a customs agreement, it is resolvable by technical means as well.

Nigel Huddleston (Mid Worcestershire) (Con): May I applaud the Government's practical and sensible decision regarding their intention to remain part of the European Aviation Safety Agency after Brexit? Can we expect similar sensible and practical discussions around open skies?

Mr Baker: My hon. Friend can expect similar sensible discussions around open skies. I was reassured that President Tusk mentioned that aviation was one of the key things that he wishes to address.

Christian Matheson (City of Chester) (Lab): There are several Airbus Beluga flights every day between manufacturing sites at Hamburg and Toulouse, and Chester. That complicated manufacturing and supply chain will be put at risk unless we get regulatory certainty soon. When will we get detailed regulatory certainty on manufacturing?

Mr Baker: This is why we wish to move quickly to agree an implementation period and to discuss our future economic partnership. As we have said, we hope to be in a position to give certainty on our future relationship by the time we get to October.

Anna Soubry (Broxtowe) (Con): I have to confess that Broxtowe does not have many fishing men or women in the constituency. Well, it has some, but their activities tend to be confined to the Beeston canal. The fisheries and agricultural policies of the European Union are important. Will the Secretary of State confirm that Norway has complete control over its agriculture and fisheries policy as a member of the European Free Trade Association and the European economic area, and a successful member of the single market?

Mr Baker: Well, yes, but, of course, it is a rule taker. Its economy is substantially different from our own and it is outside the customs union. We just need to make sure that we follow a path that suits our economy, and that is the path set out by my right hon. Friend the Prime Minister.

Patrick Grady (Glasgow North) (SNP): On what date were officials first instructed to begin drafting amendments to clause 11 of the European Union (Withdrawal) Bill?

Mr Robin Walker: We have been working on clause 11 of the Bill for some weeks and months; we have, of course, been discussing our approach with the devolved Administrations. It was always our ambition to achieve agreement on those amendments with the devolved Administrations.

Martin Vickers (Cleethorpes) (Con): Last week, I met the chief executive of the Hull and Humber chamber of commerce, Ian Kelly, who expressed support for the

concept of exploring free port status for the Humber ports. Is this yet another opportunity that the Government will have after Brexit?

The Parliamentary Under-Secretary of State for Exiting the European Union (Suella Fernandes): With my fellow Minister, my hon. Friend the Member for Wycombe (Mr Baker), I was pleased to meet my hon. Friend the Member for Cleethorpes (Martin Vickers) to discuss the issue with the local port authority from his constituency. Although this is a very interesting opportunity that flows from taking control of our trade policy, it is one of many options that the Government are considering.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I ask the Secretary of State directly whether he has seen the investigation from the Department for Business, Energy and Industrial Strategy that apparently shows the disastrous effect that Brexit will have on manufacturing all over the country, but particularly in the north and the regions? Has he seen it, and, if he has, is he colluding to keep it private?

Mr David Davis: I do not recognise the document that the hon. Gentleman is talking about.

Bob Blackman (Harrow East) (Con): Will the Minister confirm that when we leave the European Union, it will be our policy to control our fishing waters, not to give free and unfettered access, as is currently demanded by the European Union?

Mr Baker: As the Secretary of State and I have both said, we will be leaving the common fisheries policy and taking control of our waters. My experience of fishermen is that they do wish to access European markets. We need to approach the fisheries negotiation in the same constructive spirit as other aspects of our negotiations but, yes, we will be taking control of our waters.

Alison Thewliss (Glasgow Central) (SNP): Will the Government make it their policy to fully implement the international code of marketing of breastmilk substitutes following Brexit to protect our most vulnerable consumers from the predatory grasp of formula companies?

Mr Robin Walker: I did not quite hear the full detail of the hon. Lady's question, but I can say that our focus on consumer protection is absolute. I spoke at the Which? conference earlier this week to show how we will put consumer rights at the heart of our approach to Brexit.

Mr Peter Bone (Wellingborough) (Con) *rose*—

Mr Philip Hollobone (Kettering) (Con) *rose*—

Mr Speaker: Ah! I have a choice between Bone and Hollobone. I call Mr Philip Hollobone.

Mr Hollobone: Does the promotion of leaker-in-chief and Brexit-phobic Martin Selmayr to the EU's top civil service post help or hinder our stance, or make no difference at all?

Mr David Davis: As a matter of diplomatic policy, we never comment on internal operations in other Governments.

Mr Speaker: We have had the Hollo; let's have the Bone.

Mr Bone: Thank you for saving me up, Mr Speaker.

Hon. Members know that we will leave this dreadful European Union superstate in 379 days, but they might not know that that will also mark the end of the Secretary of State's grand tour of Europe. He is in a unique position to advise the British people about which countries like us and which do not so that we will know which countries to go to after we leave. Will the Secretary of State tell us the answer?

Mr Davis: I am very tempted to give my hon. Friend the list from the last three weeks, which would take about five minutes. Two things have struck me while talking to all my European opposite numbers: all of them are sad that we are going; and they all want a strong future relationship. They all want to stay our friends and allies, and that is what we will deliver.

ROYAL ASSENT

Mr Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Finance Act 2018

Supply and Appropriation (Anticipation and Adjustments) Act 2018

Space Industry Act 2018

City of London Corporation (Open Spaces) Act 2018.

Business of the House

10.33 am

Valerie Vaz (Walsall South) (Lab): Will the Leader of the House please update the House on the forthcoming business?

The Leader of the House of Commons (Andrea Leadsom): The business for the week commencing 19 March will be:

MONDAY 19 MARCH—Second Reading of the Secure Tenancies (Victims of Domestic Abuse) Bill [*Lords*] followed by general debate on Welsh affairs.

TUESDAY 20 MARCH—Consideration of a business of the House motion followed by proceedings on the Northern Ireland Budget (Anticipation and Adjustments) Bill.

WEDNESDAY 21 MARCH—Consideration of a business of the House motion followed by proceedings on the Northern Ireland (Assembly Members, Regional Rates and Energy) Bill.

THURSDAY 22 MARCH—A general debate on the economy.

FRIDAY 23 MARCH—The House will not be sitting.

The business for the week commencing 26 March will include:

MONDAY 26 MARCH—Second Reading of the Laser Misuse (Vehicles) Bill [*Lords*].

As part of this year's celebration of the centenary of women's suffrage, on Wednesday the Cabinet Office will be launching a campaign pack for parliamentarians to use as we visit schools in our constituencies to talk about the amazing achievements in the fight for equality.

This week is Shakespeare Week, and he has a solemn message for us in this House as we seek to stamp out bullying and harassment:

"Think'st thou that duty shall have dread to speak

When power to flattery bows?"

Let us hope that all's well that ends well.

You might be aware, Mr Speaker, that I am a huge fan of England rugby, and we face a great challenge against Ireland on St Patrick's Day this Saturday. I am proud of our strong United Kingdom. I would like to wish both teams a superb match, and also to wish everyone a very happy St Patrick's Day.

Valerie Vaz: I thank the Leader of the House for giving us next week's business. It is an interesting programme.

I am sure that the Leader of the House will know that the Bill to be debated next Monday consists of only one clause—actually, two clauses: the long title and the main clause. May we have the list of ministerial responsibilities, which has not yet been published? When will the debate on restoration and renewal finally be scheduled, as the European Union (Withdrawal) Bill is still in the other place and is not due to come back until, possibly, May?

The shadow Secretary of State for Education, my hon. Friend the Member for Ashton-under-Lyne (Angela Rayner), raised a point of order after the debate on Tuesday about the Government not pressing ahead with plans to phase out childcare vouchers for the next six months. I know that the Leader of the House has said that we have to wait 12 weeks before a Minister responds. However, we now have two time limits—12 weeks and six months. Could we have a bit of clarity on this for our constituents?

Given that there is nothing scheduled after 26 March, could the Leader of the House please schedule an Opposition-day debate? Or perhaps we could have a debate on early-day motion 937, which deals with the statutory instrument abolishing nursing bursaries for postgraduate nursing students.

[That an humble Address be presented to Her Majesty, praying that the Education (Student Support) (Amendment) Regulations 2018 (S.I., 2018, No. 136), dated 5 February 2018, a copy of which was laid before this House on 6 February, be annulled.]

I have asked for this before. We thought that the Chancellor would make an announcement in the spring statement, but obviously as it was a spring statement he could not do that.

The Chancellor now describes himself as “Tiggerish”. If he has read the tweets of some of his Back Benchers, he will know that they are asking him to bounce out of the Cabinet. He may be Tiggerish about the growth forecast, but the OECD says that the UK’s economy is the slowest growing of all the G20 countries, so when he goes to Buenos Aires he will be last in the queue—and this is even before we leave the EU.

I want to share this really interesting point that the Prime Minister of Luxembourg made on the EU:

“We had a special relationship with the UK, before they were in with a lot of opt-outs and now they are out, they want a lot of opt-ins.”

I think that kind of sums up exactly where we are. I did not quite glean from the Secretary of State for Exiting the European Union whether he has actually visited Brussels. Will the Leader of the House place in the Library information on whether he has, or on when he last visited? He did not say that he had visited the Northern Ireland border within this millennium. Will the Leader of the House urge him to do so? Has the Prime Minister visited the Northern Ireland border?

In yesterday’s statement on the Green Paper on the integration strategy, Walsall was mentioned. I was a bit upset that the Secretary of State for Housing, Communities and Local Government did not alert me to the fact that he was going to mention Walsall as one of the key areas. People in my constituency have already contacted me about this because they resent the fact that Walsall is seen as a place that is not integrated. I heard at 10 o’clock this morning that the Secretary of State was visiting my constituency. It would have been helpful if he had spoken to me and I could have shown him some decent areas.

In July 2015, I raised at business questions, from the Back Benches, the ESOL—English for speakers of other languages—mandation funding from Walsall adult community college. We had to fight to get it back. My constituent, Ray Simmonds, is now offering training courses to women in childcare and in levels 1, 2 and 3 numeracy and literacy. He struggled to get a place to hold those training courses. He tried to get Pleck library, but that has been closed, as have over 500 other libraries, 300 children’s centres, and 500 playgrounds. My Sure Start Palfrey children’s centre, which was twice rated “outstanding” by Ofsted, has been outsourced to a private company. These are the places for social cohesion.

May we have a debate on the National Audit Office report which found that councils are spending less on services and more on social care, and that Government

funding has fallen by 49.1% in real terms? The report also suggests that about 15 councils will be at risk of following Northamptonshire County Council in imposing emergency controls. It is the funding of the infrastructure of local government that helps with social cohesion. It is austerity that fuels division as people think there are not enough resources to go round and blame other people who seem to be taking them. May we, then, have a debate on the National Union of Teachers and Runnymede Trust report on visible and invisible barriers to black, Asian and minority ethnic teachers, or an urgent statement on the young black boy who was tied to a tree in Bath and hit by white boys as he was called names? There is no Government strategy to tackle that.

Finally, I do not want to end on a sad note, but I am afraid I have to, in acknowledging the passing of some very eminent people who have made a major contribution to our country. Brenda Dean, from the other place, was the first female general secretary of a British trade union, having joined a trade union as a teenager. Professor Stephen Hawking was 52 years a fellow of Gonville & Caius College, Cambridge. I have read “A Brief History of Time”—I will have to read it again—and I have visited the large hadron collider at CERN and seen how scientists from all the different countries collaborate. He was also part of the litigation to stop the accountable care organisations, which recently won a cost-capping case on judicial review. In his memory, we must ensure that the UK continues the fantastic collaboration in science with the rest of Europe. He said that a publicly provided NHS was the most efficient system, and so those who say we cannot afford the NHS are wrong; we cannot afford not to have an NHS. Finally, Sir Ken Dodd. I actually saw him at the Palladium when I was younger—a long, long time ago. We hope to see his like again. We will miss not only his jokes and songs, but the image of a man wielding a feather duster.

Andrea Leadsom: I join the hon. Lady in her tributes to Brenda Dean, Professor Stephen Hawking and, of course, Sir Ken Dodd—what a fantastic and humorous man he was. I also join her in paying tribute to Stephen Hawking’s commitment to an NHS free at the point of delivery. That is vital. There is consensus right across the House that the NHS should be free at the point of delivery, and that will always be the case under this Government.

The hon. Lady and I have had this discussion about ministerial responsibilities a number of times. I have chased the matter, and I am told that the list will be published with the next quarterly transparency round, next Friday—so let’s hope, hey? I am on her side on this. I shall also be updating the House Commission on Monday on when we will bring forward the restoration and renewal debate, and I have been speaking with parliamentary counsel about the drafting of the Bill. We need to get it ready and bring it forward as soon as possible. Again, she and I agree on that.

On Opposition-day debates, I hope that the hon. Lady will be pleased, as I was, that we had the day’s debate on some of the statutory instruments that the Opposition had prayed against. I was delighted, as no doubt she was not, that the Government managed to win, with decent majorities, each of the votes on the statutory instruments, one of which is very important for young people in expanding the number of young people

[*Andrea Leadsom*]

receiving free school lunches by more than 50,000 by the time universal credit is rolled out. We had an Opposition day last week, for Plaid and the Democratic Unionist party, and others will be brought forward through the usual channels.

The hon. Lady talks about our new Tiggerish Chancellor. I was delighted to see this new Disney reference, and long may it last. She says that it is misplaced, but manufacturing output has now grown for nine consecutive months for the first time since records began in 1968; we have had the best two quarters of productivity growth since the financial crisis; we have the lowest year to date net borrowing since 2008; the number of first-time buyers is at an 11-year high; and employment is at a near record high. These are reasons to be optimistic and to believe in our fantastic economy.

I am delighted that the hon. Lady has such faith in my ability to determine where the Secretary of State for Exiting the European Union and the Prime Minister should go. It is very flattering of her to suggest that I can determine their travel arrangements, but I am not sure I can quite do that. She mentions the excellent work on the racial disparity audit and this Government's determination to ensure that where there is inequality, we take strong measures to try to remove any barriers to the success of people of all races, all ethnic backgrounds and all religions in this country, so that they can progress. She mentions that her own area, Walsall, will be part of the initial pilot scheme. I welcome that, and I hope she does.

The hon. Lady also mentioned the horrifying story of a young black boy being tied to a tree. I think we all feel disgust and horror at that inappropriate and utterly awful experience, and I hope that we in this House are at all times united in stamping out any behaviour of that sort wherever we see it.

Bob Blackman (Harrow East) (Con): It is the 346th anniversary of the declaration of indulgence by His Majesty King Charles II, which was the first attempt at allowing freedom of religion in this country—something we should all cherish. I crave your indulgence, Mr Speaker, in reporting back from the Backbench Business Committee. The Chair of the Committee, the hon. Member for Gateshead (Ian Mearns), is unfortunately not able to be with us; he is detained with urgent business.

The Backbench Business Committee now has eight unallocated debates that need time in the Chamber. Now that the Government have taken today and next Thursday, we will lose the opportunity to debate autism and victims of surgical mesh, which are subjects that Members across the House are very keen to debate. Could the Leader of the House ensure that we get Backbench Business time for those debates as soon as possible?

On my behalf, may I ask for a debate on child sex abuse and grooming of young children, particularly those in care? I have sat on the Select Committee on Communities and Local Government for seven years. We went through the Rotherham case in great detail and are now hearing about cases across the country. It is time we had a debate in Government time on that very important issue, so that all Members can voice their views and we can hear what the Government are going to do about it.

Andrea Leadsom: I am grateful to my hon. Friend for standing in for the Chairman of the Backbench Business Committee. I absolutely hear his request for Backbench Business days. I hope he will welcome the Government's determination to provide Government time for a debate on International Women's Day in such an important year, which in previous years has fallen to the Backbench Business Committee to table, and a debate on Welsh affairs, which unfortunately was a Backbench Business day that was cancelled due to the appalling weather. We also have a Government debate on the economy, which I know the Committee was keen to have. We are not ignoring the interests of Back-Bench Members in any way. Yesterday and today, we have general debates on the EU, which were strong requests from Back-Bench Members right across the House.

However, I hear my hon. Friend's specific call for debates on autism and surgical mesh. I have constituents who have suffered profoundly from health issues relating to surgical mesh, and of course, I and all hon. Members will want to do everything we can to support people who suffer from autism. We will be bringing forward Backbench Business days as soon as business allows.

My hon. Friend also raises the issue of child sex abuse, which is beyond appalling. We heard this week about the appalling situation in Telford. I share his concern about that and will make representations on his behalf.

Pete Wishart (Perth and North Perthshire) (SNP): I thank the Leader of the House for announcing the business for next week. Can I also pay my tributes to the three people mentioned—Brenda Dean, Professor Stephen Hawking and Ken Dodd? I think the best thing we could do in Ken Dodd's memory would be to progress the cause of independence for Knotty Ash.

I also welcome national Shakespeare Week. We are all very much looking forward to our Shakespeare suppers. I was trying to think of the most appropriate thing for this Government—surely it can only be “A Comedy of Errors”, or “Is that a power grab I see before me?”

I am really surprised that the Leader of the House has not announced any debate on Russian relations. We have had two statements that have been heavily subscribed this week. There is a great deal of interest across the House, and this issue is only going to develop and get more critical. Before we rise for Easter, can she ensure that we have a debate on Russia?

Tomorrow will be a first, with two consecutive Scottish National party MPs' private Members' Bills being promoted by my hon. Friends the Members for Na h-Eileanan an Iar (Angus Brendan MacNeil) and for Glasgow South (Stewart Malcolm McDonald). These particularly good and worthy Bills are on reuniting refugee families and on ending the practice of unpaid internships. Will the Leader of the House do all she can to ensure that there is none of the usual awful, disruptive parliamentary practices that characterise so much of private Members' days? Our constituents absolutely loathe such stuff, and they want those Bills to progress.

Can we have a proper debate about English votes for English laws? I think that everybody in this House knows that this is an appalling, divisive measure that

socially balkanises this place on the basis of nationality. However, I think there are people in this House who are still confused about how it applies to them. For example, my Scottish Conservative friends, determined to exercise their prime function as unquestioning Lobby fodder, rushed through the Lobby on Tuesday to vote to take free meals out of the mouths of 1 million English bairns, only to discover that the votes did not count because of the English veto in the double-majority vote. The Scottish Tory dafties turned up to have their votes discounted in person. The Scottish Tories do nothing other than ask questions of a Parliament 400 miles away that cannot answer them, which is infuriating their constituents and is primarily responsible for plummeting relations. Given the glaikit looks on their coupons the other evening, we now know why they do that.

Andrea Leadsom: I am struggling to find something on which to agree with the hon. Gentleman—perhaps the independence of Knotty Ash would be the safest option.

The hon. Gentleman calls for a debate on Russia. The Government were extremely grateful yesterday for the very calm and supportive response of his party leader. The Government very much appreciated that sensible and measured response. I will certainly make representations and I am sure there will be opportunities for further discussion on this very serious subject.

Private Members' Bills are, by definition, for private Members, and the Government certainly do not seek to interfere in the passage of and debates on such Bills. The hon. Gentleman mentions two very important Bills promoted by Scottish Members, one on the reunion of refugee families and the other on banning unpaid internships. Both proposals have a good deal of merit. The Government have very strong policies in each area. There was an interesting discussion on the radio this morning about the abuse of people applying for a job versus the merits of small businesses being able to check out in practical reality the skills that individuals claim to have. That debate will be useful for tomorrow's proceedings on the Floor of the House.

The hon. Gentleman talked about English votes for English laws. I want to put on the record that it is absolutely not the case that free school dinners are being taken away from children. I deeply regret that Opposition Members, in their misrepresentation of the policy, have deliberately sought to mislead and to make vulnerable people feel yet more vulnerable. It is clear that 50,000 more children will be eligible for free school meals by the time universal credit is rolled out. It is of great regret to the Government that anyone should seek to misrepresent that.

Mr Speaker: I very gently say, on advice, to the Leader of the House that I know that she would not accuse Members of seeking deliberately to mislead the House, because that would be an accusation that touched on somebody's integrity. That is not orderly, so I am sure she will want to withdraw that.

Andrea Leadsom: Mr Speaker—

Mr Speaker: It is not negotiable; it just has to be withdrawn.

Andrea Leadsom: I withdraw it.

Mr Speaker: Thank you.

Sir David Amess (Southend West) (Con): Will my right hon. Friend the Leader of the House find time for a debate on food labelling? I have been contacted by Diabetes UK and Compassion in World Farming, which feel very strongly that food labelling should be much clearer so that when customers buy food and drink, they can understand the effects it will have on their health and how farm animals are treated.

Andrea Leadsom: My hon. Friend raises an issue that is very important not just, as he says, for those with health problems, but for people who care about animal welfare to be able to see precisely how the food they are eating has been treated during its lifetime and, of course, the way it has been slaughtered. When we leave the European Union, we will no longer be subject to EU food-labelling regulations and we will be able to look at the issue as an independent United Kingdom.

Paula Sherriff (Dewsbury) (Lab): Last Friday, I stayed out all night—sleeping rough at Huddersfield Town football stadium to raise money for local homelessness charities. We raised over £40,000 that night. Does the Leader of the House agree that we should encourage other football clubs to raise money locally in that way—perhaps, Mr Speaker, you could influence the mighty Gunners to do the same—and may we have a statement on how the Government's plans to eradicate homelessness are going?

Andrea Leadsom: I congratulate the hon. Lady: that is an amazing thing to do. In my home town of Northampton, a fantastic homelessness centre does a sleep-out every year, and I am fully determined to do that myself one year. *[Interruption.]* Yes, exactly: I shall wrap up warm. I congratulate her and everybody involved on that amazing fundraising effort, which is excellent news.

As the hon. Lady will know, it is an absolute priority of the Government to make sure that we tackle the huge problem of homelessness and rough sleeping. We pledged in our manifesto to eliminate it by 2027, and to halve it by 2022. These are very difficult issues, and we have committed £1 billion to tackling rough sleeping and homelessness. It is not, however, just about money. We are also changing how councils approach the issue. We are implementing the Homelessness Reduction Act 2017, a private Member's Bill that my hon. Friend the Member for Harrow East (Bob Blackman) introduced. We are also working very closely with councils to look at what more can be done in targeted ways to tackle the problems that result in homelessness and rough sleeping.

Mr Speaker: I join the Leader of the House in congratulating the hon. Member for Dewsbury (Paula Sherriff), whose message to colleagues will have been heard and digested.

Mr Gary Streeter (South West Devon) (Con): Will my right hon. Friend seek to install a sense of urgency into Departments, perhaps starting with the Department for Transport? Once again, following heavy rainfall, the line from London to Plymouth has been cut—I hope, temporarily—due to flooding in the Exeter region. There is a plan to fix it, but it is taking far too long, and my constituents are fed up about it—and so am I. Will she please help?

Andrea Leadsom: My hon. Friend is a huge champion for his constituency, and he is quite right to raise this matter. I absolutely understand his frustration and that of his constituents. If he writes to me, I will be happy to fire a very small rocket towards the Department for Transport on his behalf.

Alan Brown (Kilmarnock and Loudoun) (SNP): Constituents of mine bought a new biomass boiler, hoping to offset some of the cost by using the renewable heat incentive. The boiler was faultily installed, but after legal action, they got the boiler removed and their money back, and they have a new boiler installed. However, now that they have a replacement boiler, they have been told that they are no longer allowed to access the RHI, and to rub salt in the wounds, they have received a demand to pay back the £7,000 of RHI payments they had already received. May we have a debate on the RHI rules and the fact that customers trying to do the right thing by using green energy are being penalised through no fault of their own?

Andrea Leadsom: The hon. Gentleman has raised a very important point. We want to encourage everybody to take every opportunity to reduce carbon emissions and to turn our economy green. I am delighted that the UK enjoyed the greenest year ever for electricity in 2017. I urge him to raise his very specific constituency point at Business, Energy and Industrial Strategy questions.

Rachel Maclean (Redditch) (Con): Since Tuesday's debate on free school meals, I have received numerous emails attacking me for taking food out of the mouths of the poorest children in my constituency. I came into politics to improve the lives of my constituents, so I find this abhorrent, and having to create rebuttals is a waste of taxpayers' money. Hon. Members will know that no child will lose free school meals as a result of these policies. May we have a debate about the way in which statements made in the Chamber can, unfortunately, when lifted out of context by the Labour party, be used on social media to manipulate public opinion, which ends up harming our most vulnerable constituents and achieving the opposite effect?

Andrea Leadsom: I completely agree with my hon. Friend, and she is right to raise that matter in the Chamber. No children will lose their free school dinners, and in fact there will be an increase of 50,000 in those who are eligible by the time universal credit is rolled out. You have said, Mr Speaker, that although the use of social media is broadly to be welcomed, Members should take care to ensure that the usage of selected clips of debates does not create a misleading impression about what has taken place. Unfortunately, however, your words were not heeded, and a misleading impression has been created. That is greatly to be regretted, and it does not help the integrity of this place when hon. Members deliberately seek to put out information that is incorrect—is that okay?

Mr Speaker: Yes, and I will not get drawn into arguments about policy. I stand by that statement in its entirety; it is entirely compatible and consistent with saying that people cannot accuse other Members of misleading the House. That first statement is absolutely correct: people should not use selective clips to give an incorrect, inaccurate, or erroneous account of proceedings.

Tom Brake (Carshalton and Wallington) (LD): "All's well that ends well" might not be the case for Northern Ireland—it is more a case of "Beware the Ides of March". Will the Leader of the House make time available for a debate on the Foreign Secretary's proposals for minimal border controls, and the impact of that on jobs and security in Northern Ireland?

Andrea Leadsom: The right hon. Gentleman will be aware that Government policy is to ensure that there is no hard border between Northern Ireland and the Republic of Ireland, and that when we leave the European Union we have a deal that works for all parts of the United Kingdom and does not seek to undermine or divide any part from any other part. When I read out next week's business, he might have heard that there will be two days of debates pertaining to Northern Ireland, and he may wish to take the opportunity to speak in those.

Anna Soubry (Broxtowe) (Con): May I refer back to the use of statistics? There is nothing wrong with a good, robust argument in this place, but if the Leader of the House, or any Minister, makes an assertion about facts, they can quite properly be challenged and brought back to this place, and made to account for any inaccuracy in the use of statistics as facts. That is not the same for right hon. and hon. Members, particularly on the Opposition Benches, and it does not enhance political debate for people to assert facts, week after week, almost day after day—this is a growing problem—without any accountability in the House. Is there anything that the Leader of the House can do? On Tuesday we had to rely on Channel 4's FactCheck. The Library is an excellent source of information, but it is imperative that we all act with veracity and integrity, and are held accountable when we make assertions.

Andrea Leadsom: My right hon. Friend is right. You will recall, Mr Speaker, that I raised in the Chamber the issue of a private response that I gave to a Labour Member following a question that they asked me privately, but that they then tweeted, implying that I had somehow answered something else. I personally was extremely offended by that. My right hon. Friend is right: social media clips that are deliberately misleading and ignore facts to make political points undermine our Parliament and democracy, and it simply must not happen.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): You might like to know, Mr Speaker, that I fully intended to spend the night with my hon. Friend the Member for Dewsbury (Paula Sherriff) at Huddersfield's Premier League club's stadium. However, while out walking on a cancer fundraiser the week before I got a terrible cold and had to withdraw from that wonderful night.

I have a serious request for the Leader of the House. Can a group of Members from all parties discuss ways that Members could be made more accountable and transparent? When someone stands up, on any side of the House, I have become rather tired of hearing them mumble, "I refer to my entry in the Register of Interests". That is all they say, but if one looks at the Register of Members' Financial Interests, some people have amazing business connections, large amounts of investment, and some own half a county and we are discussing agriculture during DEFRA questions. All we get is a little aside.

I think the House is not transparent enough, and that when someone makes a speech they should fully declare their interests.

Andrea Leadsom: Mr Speaker, I am looking at you and wondering whether this is more a matter for the Chair than it is for the Leader of the House. I understand what the hon. Gentleman is saying very clearly. If he would like to write to me I would certainly be happy to take it up with the Procedure Committee to see whether this is an area we need to review.

Mr Speaker: The position is pretty clear. In a speech, a Member should declare an interest so that Members of the House are aware of it. There is no requirement to do so when asking a question. Each Member must take responsibility for his or her decision to declare. I would not want it to be thought that there is huge ambiguity about this. It may be that it takes time for some to be fully conversant with the required procedure, although that is not a problem that will afflict the hon. Gentleman as he approaches his 39th year of consecutive service in the House of Commons, but I hope people will appreciate how to go about this matter. It is certainly very important.

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): This evening, I have the great pleasure of attending the 90th birthday celebrations of the Coldstream branch of the Women's Institute. I am sure my right hon. Friend would be very welcome to join me. May we have a debate to pay tribute to the great work the Women's Institute does, not just in Scotland but across the United Kingdom, to support women and local charities?

Andrea Leadsom: I am sure my hon. Friend will be very warmly received by the WI. He is a great champion for his constituency. I thank him for highlighting the incredible work of the WI, which has played a unique role as the largest voluntary women's organisation in the country. In the century since its formation during the first world war, the WI has dedicated its time to a wealth of worthy causes. I hope all those celebrating the 90th anniversary of the Coldstream branch have a very enjoyable evening with him.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): Antisocial behaviour is a growing concern across my constituency. People tell me that they feel intimidated and unsafe in their homes. Please may we have a debate in Government time on the need for increased funding for our police and for statutory youth provision to act as both a deterrent and a solution to the problem of antisocial behaviour?

Andrea Leadsom: The hon. Lady is right to raise the real problem of antisocial behaviour, which, while low level, can really wreck people's lives, their enjoyment of their homes and so on. It is a very important subject. I am sure it would receive great support as a candidate for a Backbench Business debate in which Members from across the House could talk about their experiences.

Gareth Johnson (Dartford) (Con): Each and every week across England and Wales some 80 dogs are stolen from their owners, causing huge distress to both the

owners and the animals. During this Pet Theft Awareness Week, may we have a debate on what is a growing and nasty problem?

Andrea Leadsom: My hon. Friend has done a great deal to raise awareness of dog theft. It is a terrible crime. Any theft of property can be very distressing for victims, but the suffering will be much greater when it is a family pet. I commend him for raising this issue. The Government are very clear that when such a crime happens it must be reported to the police, whenever it happens, so that it can be investigated and the perpetrators brought to justice. He will know that the theft of a dog is a criminal offence under section 1 of the Theft Act 1968. We are determined to see it enforced.

Thangam Debbonaire (Bristol West) (Lab): My constituents are frankly baffled at the way the Government keep pulling business and not replacing it with time to solve the pressing issues of the day: homelessness, lack of funding for schools and challenges in the NHS. Will the Leader of the House work with the Government to provide either Government time or further Opposition-day time for us to debate, and hopefully try to solve, some of these pressing issues?

Andrea Leadsom: As far as I am aware, the only business the Government have pulled was in response to a request from the Opposition on Monday evening. Due to the unprecedented number of urgent questions and very important statements, such as those on bullying and harassment, and a response to the Salisbury attack, the Opposition requested that the Government pull the business that night. That is the only business that has been pulled, so I am not entirely sure what the hon. Lady is talking about.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Last Saturday, I joined the Save Rothbury Cottage Hospital campaign group on a march to highlight the anxiety and frustration that the local community presently feels as we await the outcome of the Department of Health and Social Care independent review panel's review. Our clinical commissioning group closed down the 12-bed ward in our community hospital 18 months ago, citing underuse. The challenge of rural funding for healthcare means that we are not investing fairly in the Coquet valley, England's most sparsely populated community. We need to reinvest in these beds for palliative and convalescent care and to give consideration to the practical difficulties and costs of rural distance and poor transport links. Will the Leader of the House grant a debate in Government time to discuss rurality funding frameworks to enable CCGs to meet the needs of patients such as my constituents, who live in the most sparsely populated community?

Mr Speaker: Nobody can accuse the hon. Lady of excluding any consideration that might be thought relevant in any way, at any time and to any degree from her interrogation of the Leader of the House.

Andrea Leadsom: Mr Speaker, I think you have highlighted beautifully what a fabulous champion my hon. Friend is for her constituents. She is right to raise the challenge of sparsely populated areas and their need for healthcare to be as good as anywhere else in the

[*Andrea Leadsom*]

country. I have some challenges with the local healthcare provision in a less populated area, and I appreciate fully what she is saying. I suggest that she might like to seek an Adjournment debate specifically to deal with the issues in Northumberland.

Kirsty Blackman (Aberdeen North) (SNP): Last Friday, I was door-stepped by the entire primary 3 class at Hannover Street School, who wanted to tell me that Parliament's use of plastic straws has doubled in three years. They are very concerned about that and would like to know what the Government and the Leader of the House are doing to tackle the issue.

Andrea Leadsom: Is it not fantastic to hear of year 3 students door-stepping the hon. Lady? I am sure she thoroughly enjoyed it. The Government are committed to tackling and reducing the use of plastics. All manner of efforts are being made, including the 5p charge for plastic bags, which has reduced the number of plastic bags in circulation by around 9 billion—an extraordinary number. There are the Government's efforts on the blue belt around the overseas territories to try to protect those valuable marine locations from the impact of plastics. Closer to home, we know that litter very often ends up in our rivers and seas, and very much of it is plastic, so we have a new national litter strategy for England, which I was delighted to announce as the Secretary of State for Environment, Food and Rural Affairs.

Specifically on the hon. Lady's point about plastic straws and their use in this place, the Administration Committee has taken this up. It is committed to reducing the use of single-use plastics, which includes plastic knives and forks as well as straws, and I can tell her that a number of hon. Members across this place have committed to a plastic-free Lent. I am sure she would be very welcome to join us, should she wish to do so.

Leo Docherty (Aldershot) (Con): I commend my right hon. Friend for the hard work and determination she has shown to deal with bullying and harassment of all kinds in Westminster. Can we please have a statement on the bullying inquiry that she has proposed this week? Can she confirm that the inquiry will not look at individual cases but will instead look at whether the Respect policy as a whole is working for staff in this place?

Andrea Leadsom: I am grateful to my hon. Friend for his question, and I can give him a specific reassurance: the inquiry into the bullying of House staff that I will propose to the House of Commons Commission on Monday 19 March will not be carrying out investigations into individual cases. That is exactly why I expect it to attract the Commission's full support. There are existing avenues open to anyone wishing to raise specific grievances, and individuals coming forward will be advised to use those where they apply, but the inquiry will look at whether they are functioning properly. My ambition is to stamp out bullying and harassment of any kind in this place. That is something that I imagine every single person here will wish to support.

Mr Jim Cunningham (Coventry South) (Lab): May we have a statement or a debate on the dispute at universities at the moment? I have two universities in my constituency. This dispute has been dragging on for weeks, particularly in relation to pay and conditions, but more importantly, to lecturers' pensions. May we have an update on that? Before the Leader of the House gets up to answer me, I am aware that there are Education questions on Monday, but I would rather have a proper statement to show that the matter is being taken seriously by the House.

Andrea Leadsom: I am very personally aware of this issue. My eldest son is facing his finals and, because of the picket line, has been denied the opportunity to go to his university even to use the resources, let alone to have any of the face-to-face tuition that he was due to have and for which he has paid. I am therefore extremely cross about the way in which innocent students are being punished during this dispute. I urge all parties to get together and find a resolution, so that a generation of graduates do not have to pay the price.

Jeremy Lefroy (Stafford) (Con): Two weeks ago, I raised with my right hon. Friend the non-levy apprenticeship funding for Newcastle-under-Lyme, Stafford, Shrewsbury and other colleges. The situation is becoming serious, and I believe that our young people will be let down if we do not resolve it. May I urge the Leader of the House to ensure that we have a statement or a debate as soon as possible?

Andrea Leadsom: I know that my hon. Friend is very supportive of apprenticeships. I can tell him that the contracts for the delivery of non-levy apprenticeship training were awarded on the basis of an assessment by the Education and Skills Funding Agency of information that had been supplied and that the tenders were measured against clearly set criteria. Ofsted's rating of providers was not considered to be part of the process, as new entrants do not have an Ofsted rating and would therefore have been disadvantaged. The Government have awarded more than 700 providers contracts worth a total of £490 million to deliver apprenticeship training for non-levy payers. However, as my hon. Friend will know, those that were not successful in the non-levy procurement process can still supply apprenticeship training to levy payers directly.

Chris Elmore (Ogmore) (Lab): In the past week, three constituents have contacted me to express frustration about the fact that social security payments cannot be paid into their Post Office accounts. In the light of bank closures in my constituency and others, may we have a debate in Government time about the work and functions of the Post Office, so that we can resolve the issues and those payments from the Department for Work and Pensions can be paid into my constituents' accounts?

Andrea Leadsom: When I was City Minister, I was delighted to sign the arrangement that allowed post offices to supply basic banking services for all UK banks to all personal account customers. The issue raised by the hon. Gentleman is news to me personally, but if he would like to write to me about it, I will certainly take it up with the Department.

Mr Peter Bone (Wellingborough) (Con): I thought yesterday that the Prime Minister spoke not only for the Government but for the country over Russia, and I thought that the Leader of the Opposition was an apologist for Russia. The duty of every Member of Parliament is to put country first and party second. I congratulate the 18 Labour Members who supported the Government by signing early-day motion 1071, which states:

[That this House unequivocally accepts the Russian state's culpability for the poisoning of Yulia and Sergei Skripal in Salisbury using the illegal novichok nerve agent; fully supports the statement made by the Prime Minister on 14 March 2018 in response to Russia's illegal attack on the UK; further supports the Government's sanctions against Russia resulting from this incident thus far, including the expulsion of 23 Russian diplomats; supports the decision not to send Government ministers or members of the Royal family to Russia until further notice; supports the Government's call for a special meeting of the UN Security Council to discuss Russia's use of chemical weapons on UK soil; and resolves to consider support for further proportionate actions to deter future acts of aggression by the Russian state.]

On this occasion, would it be possible for the Leader of the House to arrange for the early-day motion to be debated next week?

Andrea Leadsom: I entirely associate myself with my hon. Friend's comments, and I will certainly refer them to the Government. There cannot be a debate, because the business for next week has already been arranged, but I encourage my hon. Friend to seek other means for the matter to be debated.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): The deregulation of buses has been disastrous for many of our towns and villages. It has been confirmed that services 8 and 19, operated by Mc Gill's, will cease in 11 days' time, and as a result there will no longer be a direct bus route to Paisley from villages such as Bridge of Weir, Houston and Brookfield. I look forward to the Scottish Government's transport Bill, which I hope will deal with many of these issues, but may we have a debate on the impact on communities throughout the United Kingdom of the erosion of lifeline bus services since deregulation?

Andrea Leadsom: That is clearly an important point. Bus services are vital to many rural communities, enabling people to travel to work and to education centres, or simply to go and do the weekly shop. I am a huge fan of the bus sector, and I appreciate the importance of maintaining services. However, the hon. Gentleman has raised what I believe is an entirely devolved matter, so it would not be appropriate for me to comment further on the specifics.

Chris Green (Bolton West) (Con): Following incidents at the Presidents Club dinner, there was significant media scrutiny and a related urgent question in the House to highlight justified concerns. Meanwhile minimal attention has been given to the events in Telford, where hundreds of children have been abused and raped. May we have a debate on the priorities and values of our broadcast media?

Andrea Leadsom: As my right hon. Friend the Prime Minister said yesterday, we have all been shocked by the horrific reports in Telford, where some of our most vulnerable citizens have been preyed upon by terrible criminals, and we should all be praising my hon. Friend the Member for Telford (Lucy Allan), who has been totally right to speak out as she has. I am very pleased that the authorities are now going to conduct an inquiry, and it is important that this work gets under way as quickly as possible, so we can get to the truth. My hon. Friend the Member for Bolton West (Chris Green) raises an important point about the relative lack of reporting on this subject versus other perhaps more gossipy types of scandal, and he is right to raise the concern about even-handed reporting.

Vicky Foxcroft (Lewisham, Deptford) (Lab): The Leader of the House might have noticed that I have asked on several occasions for debates on youth violence and its root causes, and I have noted that we have not secured Government time for them. She often gives creative suggestions about how we might go about securing debates. One way we could do that is by having an Opposition day debate, and perhaps I could lobby our Front Benchers to discuss youth violence in an Opposition day debate, so please may we have time for Opposition day debates?

Andrea Leadsom: I pay tribute to the hon. Lady for her work in this area. She is supporting the Government in looking into such serious violence and will be aware that the Government's new serious violence strategy is due to be published in the spring. It will look at ways to steer young people away from a life of crime, while putting in place measures to prevent and reduce the effect on victims of serious crime. She asked for an Opposition day and I can assure her, as I assured the hon. Member for Walsall South (Valerie Vaz), that Opposition days will be forthcoming in the usual way and in accordance with the Standing Orders of this House.

Chris Davies (Brecon and Radnorshire) (Con): I am sure the whole House will be delighted to hear that Wales's first zero-waste shop, "Natural Weigh", opened its doors at the Corn Exchange on the high street of Crickhowell in my constituency earlier this month. May we have a debate on what more the Government can do to ensure more shops follow its example, and therefore help reduce the unnecessary amount of plastic packaging that is doing so much harm to our environment?

Andrea Leadsom: I congratulate my hon. Friend's constituents on this great endeavour and wish them every success with it. The passion with which hon. Members across the House put forward ideas for reducing plastic waste shows that we as consumers as well as our constituents will be very keen to support such measures by retailers. He will be aware that the small retailers associations are now committed themselves to joining in the 5p charge for plastic bags, which will help, and I encourage all hon. Members to support their retailers who are doing so much to ensure we vote with our feet on this subject.

David Linden (Glasgow East) (SNP): May we have a debate in Government time about the practices of housing developers such as Persimmon? On Monday, I did a

[David Linden]

walkabout with Councillor Elaine Ballantyne on the Lowlands estate in the Baillieston area. Residents of that new-build estate have been promised a railway bridge, bus routes, play parks, a motorway spur; all these things were promised in the sales centre, but have not been delivered. May we therefore have a debate to hold these developers to account?

Andrea Leadsom: The hon. Gentleman is right to raise those issues. We all have developments in our constituencies where there have been lots of promises, but then constituents are disappointed by the lack of action on them, and I am sure we all, as I do, write furious letters to developers asking them, “Where is this? Where is that? You promised the other.” So there is clearly an issue there. I encourage the hon. Gentleman to seek an Adjournment debate to deal with the specific issues in his constituency and commend him for raising this matter.

Martin Vickers (Cleethorpes) (Con): On Tuesday, amusement arcade operators in Cleethorpes expressed their anger at the possible withdrawal of 1p and 2p coins, and they were later joined by the local hospice, St Andrew’s, and other local charities that also expressed their concern. They are now confused about what the Government’s policy is. May we have a statement to clarify whether the consultation is ongoing, and whether or not it will indeed include the possible withdrawal of 1p and 2p coins?

Andrea Leadsom: The Prime Minister’s spokesman has said that there are no proposals to scrap 1p or 2p coins. The call for evidence was simply intended to help the Government better understand the role of cash and digital payments. One element of that was whether the denominational mix of coins meets the public need. From the early reaction, it looks as if it does. It is safe to say that the penny has dropped. We have considered change, but we know that we like change, so we think we will probably keep change and have no change.

Rachael Maskell (York Central) (Lab/Co-op): Since raising the York housing crisis in the Chamber, my inbox has been flooded with horrific stories of damp and mouldy housing in York, where landlords, both council and private, have completely failed my constituents. May we have a debate about the condition of housing, with particular regard to damp and mouldy homes, so that we can stamp out damp once and for all?

Andrea Leadsom: The hon. Lady raises an incredibly important issue, and there is no doubt that the Government are determined to help to ensure that all homes meet the right standards and that we stamp out issues such as damp and the other problems that so many tenants have. The Government support the Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill introduced by the hon. Member for Westminster North (Ms Buck), and we are committed to protecting tenants’ rights and to giving tenants more security through our tenant fees Bill, which will ban unfair letting fees and other ways in which tenants are mistreated. The hon. Member for York Central (Rachael Maskell) makes an important point, and I am sure that there will be many opportunities to raise it in the coming months.

Patrick Grady (Glasgow North) (SNP): When the results of the English votes for English laws Divisions were announced on Tuesday, the number of Members from English constituencies had been counted not by Tellers, but by the electronic devices in the Lobbies. Is it not time to drag this place into the late 20th century by introducing electronic voting for all Divisions?

Andrea Leadsom: Many of us find the Lobby a useful place to discuss matters pertaining to our constituents and to policy, and Divisions present a great opportunity to meet Ministers. I encourage the hon. Gentleman to hang around a bit to raise some of the issues that he often raises with me on a Thursday with the relevant Minister, which could not happen if he rushes through or votes electronically.

Mr Speaker: The hon. Gentleman will only be raising such matters with Ministers in the Lobby if he votes with them—[*Laughter.*] I cannot imagine that happening very often. Nevertheless, the Leader of the House has hope and has made her position and that of a great many Members very clear.

Clive Efford (Eltham) (Lab): I am sure that I am not alone in being less than impressed with the answers given by the Foreign Secretary when he was quizzed on the “Today” programme this morning about what action the Government are taking to freeze the assets of people associated with the Putin regime as part of our response to what happened in Salisbury. I know that the Government cannot give us a running commentary on exactly what they are doing at the moment, but this House will want an account of what urgent action they took to freeze assets to prevent them from being moved. Will the Leader of the House convey that to the Government and make arrangements for such a statement in the near future?

Andrea Leadsom: This is a serious matter. This morning, the Foreign Secretary was making it clear that, unlike others, this country abides by the rule of law. It is not for Ministers simply to decide to freeze assets; we go by the law of the land. We are putting in place a review, within the law, of all those whom we suspect may have assets that we may wish to consider freezing, and Ministers will of course report exactly what is happening to the House as soon as they are able to do so.

Jessica Morden (Newport East) (Lab): As universal credit is rolled out across more of the country, will the Leader of the House ensure that we have more regular opportunities to question Ministers and to tell them what is happening on the ground? In Newport, where the roll-out started in November, we have seen a threefold increase in food parcels, mostly attributed to universal credit, and Ministers need to hear that.

Andrea Leadsom: I want to be clear that universal credit is designed to make work pay and to help people get into work, and there is evidence that that is working. It is encouraging more people to seek work and to get work, and the idea is to reduce the complexity of the previous benefit system. The hon. Lady speaks as though it is making people worse off, but it is not; it is making people better off. The Government have listened carefully to the many representations from right across the House

and have improved the roll-out of universal credit, taking things slowly to ensure that we get it right and that universal credit continues to result in more people finding work and having the security of a pay packet.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): Can we have a debate in Government time on the responsibilities of the Foreign and Commonwealth Office? Three weeks ago today, I raised the urgent case of Liam Colgan, the Inverness man who went missing in Hamburg. I took the advice of the Leader of the House and wrote to Ministers, but three weeks later I have not had a response, despite having chased and chased, because of clearance and awaiting signature. The family is in trauma. Should Ministers not come to the House and explain this lack of urgency?

Andrea Leadsom: I am sorry to hear that. I recall the hon. Gentleman raising that case with me, and I am happy to chase the Foreign and Commonwealth Office on his behalf.

Neil Coyle (Bermondsey and Old Southwark) (Lab): Two years ago, my constituent Malorie Bantala was attacked by her ex-partner and an accomplice. She was eight months pregnant, and they deliberately targeted her stomach, stamping on her until they caused the loss of the child. Malorie launched a campaign this Mothers' Day, with the support of Women's Aid and the Mother of the House, my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), to get the Infant Life (Preservation) Act 1929 updated. Will the Government provide time to debate this issue, to ensure that men who commit violence that causes the loss of a child are adequately prosecuted and given more appropriate, lengthier sentences?

Andrea Leadsom: All hon. Members will be appalled to hear of that situation; it is just terrible, and I am very sorry to hear about it. The hon. Gentleman will be aware that the Government have produced a draft Domestic Violence and Abuse Bill, and it would be very appropriate for him to submit this case to the consultation on the draft Bill, so that it can be considered along with all the other measures. Those measures show the Government's determination to stamp out domestic violence, which is so often directed towards women and, I am afraid, towards pregnant women.

Alison Thewliss (Glasgow Central) (SNP): The Equality and Human Rights Commission yesterday released a damning report on the cumulative impact of tax and welfare reforms. The report highlighted the fact that three quarters of households with three children, and three quarters of Pakistani households, are losing out as a result of welfare reforms. That is a huge concern for my constituents in Glasgow Central. May we have a debate in Government time about the need for equality impact assessments to make sure that Government policy is not racist?

Andrea Leadsom: The hon. Lady should welcome the work of my right hon. Friend the Prime Minister in the race disparity audit, which is the first attempt by any Government to try to measure whether there is disparity in the treatment of people according to their race, ethnicity or religion. That is absolutely vital. Almost

600,000 fewer children now live in workless households; there are now 200,000 fewer children in absolute poverty; and income inequality is lower than it was in any year of the last Labour Government. We are making progress, and we are committed to doing more. This Government are showing a determination to stamp out the kind of disparity that the hon. Lady talks about.

Diana Johnson (Kingston upon Hull North) (Lab): I am sure the Leader of the House will be interested to know that the Culture, Place and Policy Institute at Hull University is today releasing its preliminary evaluation of Hull city of culture, which brought to the city £300 million of tourism value and 800 new jobs. More than nine out of 10 residents engaged in at least one cultural activity, and 56,000 children and young people engaged with the arts. That is not to mention the acres of positive publicity for the city. May we have a debate in Parliament about the value of public investment in culture, the success of Hull city of culture and the lessons that Coventry can learn when it takes up the city of culture baton in 2021?

Andrea Leadsom: The hon. Lady is a huge champion of Hull city of culture, which is just coming to an end. The statistics that she gives us are extremely reassuring to Members across the House, because they demonstrate what a huge success the programme has been. She is exactly right about the need to debate the lessons for Coventry, so that it, too, can take advantage of an excellent experience such as she has had. May I suggest that she raise the matter at Department for Digital, Culture, Media and Sport questions next Thursday?

Alex Norris (Nottingham North) (Lab/Co-op): Last Friday, we held our constituency jobs fair and I am pleased to say that 956 local people came to it. Of course, we would hope that we would not need a jobs fair at all, but the number of people there is a sign of the impact of that event, and many people will get into work and training as a result. Will the Leader of the House give me guidance on finding an opportunity during House business for me to shower praise on Nottingham City Council, on the local Department for Work and Pensions team and the Rebalancing Nottingham North foundation, which I am proud to chair, for putting on the event and on the many people who made it such a success?

Mr Speaker: I am sure the hon. Gentleman was also seeking a debate.

Alex Norris: Yes.

Andrea Leadsom: I certainly congratulate the hon. Gentleman on the enormous turnout he had at his local jobs fair. All hon. Members who have held jobs fairs have found that same enthusiasm, both from employers and from people looking for a job, which has been heart-warming. Of course, we have seen an extraordinary increase in employment, so that now we are near record highs for employment across the UK. We have had well over 30% increases in employment right across the UK, rising to increases of 42% in the east midlands and 38% in the west midlands, and in the south-east unemployment is down by 47%. We have some amazing jobs statistics to look at as a result of the measures we

[Andrea Leadsom]

have put in place to see a thriving economy, with lower taxes for people and more people with the security of a wage packet to take home.

Mr Speaker: Last but not least, and never forgotten, Mr Peter Grant.

Peter Grant (Glenrothes) (SNP): I am eternally grateful to you, Mr Speaker. May we have a statement from the Work and Pensions Secretary on the operation of the cold weather payments system? Constituents in most of my constituency were astonished to discover that it was not cold enough to trigger the payments during a week in which they were under 2 feet to 3 feet of snow, travel of any kind was impossible and they were subject to Scotland's first ever red alert due to the danger from snow and ice. The problem is that the DWP does not measure the temperature in Glenrothes; it measures it 20 miles away in a coastal location almost 600 feet in altitude lower than parts of Collydean in my constituency. May we have a review, so that at least the residents of Glenrothes and Levenmouth will know that, while they have to deal with the same weather as everyone else, they will be entitled to the same financial support as everyone else?

Andrea Leadsom: The hon. Gentleman will be aware of the severe weather payments that are made available and of payments made to people who struggle to meet their own energy bills. Department for Work and Pensions questions are on Monday 26 March, a week on Monday, and his question would be an ideal one to raise then.

Building Safety

11.37 am

The Secretary of State for Housing, Communities and Local Government (Sajid Javid): With permission, Mr Speaker, I wish to make a statement on issues arising from the Metropolitan police investigation into the Grenfell tragedy.

The investigation has involved a thorough examination of every aspect of the tower, including front doors to flats within the property. Those doors include a glazed fire door manufactured around five years ago. Initial inspections indicate that the door is believed to have been designed to resist fire for up to 30 minutes, but when tested by the Metropolitan police, it failed after approximately 15 minutes. The Metropolitan police considered that this test result might have wider implications for public safety and alerted my Department.

The Government immediately sought advice from the independent expert panel on the test findings to see whether any action was required as a result. The expert panel is made up of a range of building and fire safety experts, and is chaired by Sir Ken Knight, the former London fire commissioner and former Government chief fire and rescue adviser.

The panel consulted representatives from the Metropolitan police, the Government's chief scientific advisers and the National Fire Chiefs Council. Following that, the expert panel has advised that the risks to public safety remain low. There is no change to the fire safety advice that the public should follow. I, nevertheless, fully appreciate that this news will be troubling for many people, not least all those affected by the Grenfell tragedy. That is why, based on expert advice, we have begun the process of conducting further tests, and we will continue to consult the expert panel to identify the implications of those further tests. I have made it clear that the necessary tests and assessments must be carried out thoroughly, but at pace.

There is no evidence that this is a systemic issue. Data from between 2009 and 2017 shows that fire does not generally spread beyond the room of origin. I am also clear that my Department and the Metropolitan police will ensure that the bereaved and the survivors are kept informed of progress. I commit to updating the House when further information is available, and no later than the end of April.

I stress that, in carrying out the tests, conclusions should not be drawn about the nature or cause of the Grenfell tragedy. That is a matter for a separate police investigation that must be allowed to run its course. Members will be aware that Dame Judith Hackitt is undertaking an independent review of building regulations and fire safety to ensure that the regulatory system is sufficiently robust. Dame Judith has been made aware of these latest findings. Having accepted the initial recommendations that were set out in her interim report in December, we look forward to her final report, which is expected in the spring.

Nine months ago, we faced a loss of life and suffering on an unimaginable scale at Grenfell. Since then, the Government and others have made significant efforts to support survivors, find them new homes and help to keep people safe. However, I know that the matters I have raised today will prompt questions. I reiterate that

on the basis of the expert advice that my Department has received, there is no evidence that risks to the public have changed.

I reassure hon. Members that all possible steps are being taken to properly investigate the issues and to take action where needed. Public safety is paramount and our position is clear: the events of 14 June 2017 must never be allowed to happen again. I commend the statement to the House.

11.41 pm

Tony Lloyd (Rochdale) (Lab): I thank the Secretary of State for early sight of his statement.

Nine months on, we all still live with the human tragedy of Grenfell and the realisation that we saw the systemic failure of our system of building checks and controls. We must keep that in mind because, as the Secretary of State said—I will always endorse these words—public safety has to be paramount. That also means, however, that there has to be transparency, accountability and a driving sense of urgency.

I welcome the transparency of the Secretary of State's making this statement at the earliest possible stage. It is right and proper that this information is in the public domain, so I thank him. I think he would agree that if the Opposition demand accountability and that the Government demonstrate a sense of urgency, that can never be open to the charge of political point scoring.

I add my thanks for the work of the Metropolitan police. The Secretary of State told us that the "Metropolitan police considered that this test result might have wider implications for public safety" and consequently alerted the Department. I was a little surprised when he said that there is "no evidence that this is a systemic issue." I was astounded when he went on to say: "Data from between 2009 and 2017 shows that fire does not generally spread beyond the room of origin." That may be true, but we know that that was exactly what did happen in Grenfell Tower—the fire spread and spread and spread. We cannot have any sense of complacency.

The Secretary of State says that this issue is not "systemic", but what assessment has been made of how many buildings might be affected? How many individual flats—how many people—have fire doors that simply do not do the job? If he does not already know those numbers—I suspect it is too early to know—what steps is he taking to ascertain them? This is the point at which the words "this is not systemic" begin to sound a little incredible. There may be a systemic problem, and we have to begin to recognise that if this is a wide-scale issue, we have that systemic problem.

We need a real sense of urgency on this, as indeed we do regarding other aspects of building control. Tower block residents up and down the country are entitled to know—not simply post Grenfell—the scale of the issues. I must say to the Secretary of State that that sense of urgency has not always been apparent in all the Government's actions. Earlier this week, he was a little embarrassed when he was not able to answer a question that was put to him at Question Time about how many tower blocks are unsafe post Grenfell. He was not able to say how many private tower blocks up and down the country have the same aluminium composite material cladding that was used on Grenfell. We now need some urgency in providing those answers and bringing the

information before the House. I hope that he can tell us when he will have that information and when we can begin to give people a sense of reassurance.

In a recent written answer to my right hon. Friend the Member for Wentworth and Dearne (John Healey), the shadow Housing Minister, the Department confirmed that no funding had yet been provided to any of the 41 local authorities that had contacted it. We were told at Question Time that no funding requests had been refused, but that is not quite the full truth if the reality is that no funding request had actually been acceded to. Again, perhaps the Secretary of State can update us and tell us when the local authorities, which really do want to get on with this work, will see the assistance from central Government to which he committed nearly nine months ago.

The upshot of all of this is that, nine months on, only seven of more than 300 tower blocks that had been identified as having dangerous cladding have had that cladding removed and replaced with something more acceptable. I must say to the Secretary of State that, nine months on, that is simply not good enough.

Sajid Javid: I thank the hon. Gentleman for his comments and I am very happy to answer all the points that he has made.

The hon. Gentleman rightly said—of course we all agree with this—that public safety is the No. 1 issue and is absolutely paramount in every way. He will know that ever since the tragedy, as well as through the police investigation and the work that is being done through the public inquiry, there have been lessons for public safety. He will remember that, right from the start, the expert panel was convened to provide the immediate emergency advice that was necessary, and that advice went out widely to the owners of both social and private sector buildings. The testing regime—the initial sample testing and then the large-scale testing—was set up, as was the independent review, which is now being carried out by Dame Judith Hackitt. I was quite deliberate in wanting to see an interim report so that we could act on some of the early lessons. I remind the hon. Gentleman that Dame Judith Hackitt's interim report included a number of recommendations, which we have accepted, and we have now started to implement every single one of them. She is now working on her final report, which is due, as planned, in the spring. Again, that reflects our sense of urgency.

Once the expert panel and the police are comfortable that information can be publicly shared, it is right that we are transparent as quickly as possible. That is necessary to create public trust and to ensure that no one comes under any undue stress. Throughout the whole process, we have correctly been led by the experts—the expert panel and all the industry advisers who have been put in place—as well as by the work that has been done by the police.

Let me give the hon. Gentleman a bit more information about that. As well as the independent expert panel, the Government have consulted the National Fire Chiefs Council, the Government's chief scientific advisers, the police, of course, and the London Fire Brigade. As a result, the expert panel has concluded that, so far, the risk to public safety remains low, that there is no change to fire safety advice, and that a programme of additional testing has to be commissioned to determine the root

[Sajid Javid]

cause of the failed test. Such additional testing is required; it is going on now. As I said, it must be thorough and done at pace, but I am sure that the hon. Gentleman agrees that we should not rush it, meaning that we get either wrong or inappropriate results. It should be done properly. It should be led by the experts and only on their advice. That is exactly why I said in my statement that there is no evidence of a systemic problem—it is the advice of the experts so far. We are correctly taking their advice while we continue with further tests at pace.

The hon. Gentleman seemed to suggest that work was not being done at pace or urgently. I refute that. We have rightly worked as urgently as possible every step of the way, whether that is on today's information or other information that has come to light since the fire. That includes work on the remediation of existing buildings with ACM cladding. So far, 301 buildings have been identified: 158 social buildings; 13 in the public sector; and 130 in the private sector. Almost 60% have begun the remediation work and, as the hon. Gentleman said, seven have completed that work. Public safety is paramount, so in every single case, interim steps were taken and measures were put in place immediately, with expert advice, often from the local fire brigade. Those measures remain in place. People can be comfortable that every measure is being taken to ensure that they remain safe.

Sir Peter Bottomley (Worthing West) (Con): I think that the House will support what my right hon. Friend said about waiting to get the determination of those investigating regarding the causes.

We know about the liabilities and the risks. The hon. Member for Rochdale (Tony Lloyd) mentioned private leaseholders in private blocks. This week saw the first proper tribunal decision, regarding Citiscape in Croydon, which is owned by the Tchenguiz interests. Ordinary taxpaying residents there are being asked to pay tens of thousands of pounds, and the same thing is happening at New Capital Quay in Greenwich, Heysmoor Heights in Liverpool, and in another 129 blocks that I could name.

May I put it to my right hon. Friend that he ought to get together the Tchenguiz interests, William Waldorf Astor's Long Harbour and Abacus interests, the builders, the leaseholders and their representatives in order to have a roundtable in the open? Instead of waiting two years until an inquiry is done, it is time to get these people together and talk about a simple deal whereby, for example, the builders put up a third, the freeholders put up a third and the Government/tenants put up a third to get the cladding removed and replaced.

Sajid Javid: I am very much aware of the legal judgment to which my hon. Friend refers, and we are carefully considering its implications. I have been clear all along—I have said this a number of times in the House and I will say it again—that whatever the legal situation might be, the private owners of buildings should take their lead from the public sector and take responsibility for the additional costs. They might want to look at insurance claims, warranties and legal action that they may be able to take. I also want to ensure that leaseholders get the advice that they need, which is why we have increased funding to the Leasehold Advisory Service.

Ms Karen Buck (Westminster North) (Lab): Nine months after Grenfell and with new concerns emerging, it is no surprise that residents in high-rise buildings remain extremely concerned. A matter of possible reassurance for them was the retrofitting of sprinklers. My local authority of Westminster has advised that it is concerned about proceeding with retrofitting because it has no right of access to the one in three properties in private ownership in social housing blocks. This is a matter not of regulation, but of ensuring access. Will the Secretary of State advise how he can take this forward as a matter of urgency so that councils that wish to proceed with retrofitting are clearly able to do so?

Sajid Javid: I agree with the hon. Lady that, in the light of all the information that has come to light since the terrible tragedy, local authorities should quite rightly take whatever action is needed to keep residents safe in high-rise buildings. That is exactly what is expected of them and they have our full support. We have said that it is for the local authorities to make their own decisions on sprinklers, based on expert advice. If they decide to proceed, they will get the financial flexibility to support them. If other issues are getting in the way of doing that job, we will be happy to look at them. A number of local authorities have approached us, and we are working with them all and will help them all in every way.

Theresa Villiers (Chipping Barnet) (Con): The fact that a number of high-rise office blocks in Barnet are being converted to residential use under permitted development rights, without the need for planning permission, leads some to fear that design standards will be compromised because of the absence of a planning process. Will the Government take action to ensure that fire safety standards are not compromised in these kinds of conversions?

Sajid Javid: I can assure my right hon. Friend that even when building work is carried out under permitted development rights, it still needs to be subject to building regulations, including all those around safety. There is no way that any builder can avoid that. I hope that that gives some reassurance to her residents. The building regulations are still very much in place, even when work is done under permitted development rights.

Helen Hayes (Dulwich and West Norwood) (Lab): The Grenfell Tower fire laid bare profound injustices at the heart of the UK housing system, and every revelation from the investigation makes that picture starker and clearer. So far, the Government have not made available a single penny of new Government money for essential works to respond to and mitigate the risks revealed as a consequence of Grenfell. Unless the Government do so, they are simply meting out further injustice to leaseholders, who will face very large bills, and tenants, who will see much-needed major works pushed back. Will the Secretary of State take the opportunity of this latest revelation to commit new Government resources to address the impact of Grenfell Tower on fire safety across the country, and to right the wrongs at the heart of the UK housing system?

Sajid Javid: I would say two things. With regard to local authorities, we have made it very clear that we will provide them with the financial flexibility, if they need

it, to do any necessary fire safety work. That has been clear from the start. On wider issues of social housing and some of the wider lessons to learn from this terrible tragedy, that is exactly why we will have a Green Paper. We are going through the process that has been put in place, and we will publish the Green Paper in due course after proper consultation.

Bob Blackman (Harrow East) (Con): I commend my right hon. Friend not only for today's statement, but for keeping the House updated on progress following this terrible tragedy.

Dame Judith Hackitt is looking at the review of building regulations. We, as the Housing, Communities and Local Government Committee, have asked that she looks particularly at part P of those regulations in detail, because at the moment there seems to be a lack of clarity about the use of combustible materials within high-rise buildings. Will my right hon. Friend commit to thoroughly reviewing building regulations, particularly taking into account the evidence that has emerged today? The reality is that while fires may normally be retained within a room, these were not normal circumstances, because there was an explosion caused by an electrical fire, and that could be replicated once again.

Sajid Javid: My hon. Friend is absolutely right to raise this. As he will know, Dame Judith Hackitt's work is independent, but she takes this issue very seriously. He may know that in her interim report she recommended, as one of the immediate measures, a review of Approved Document B and work to clarify it. That work has already started within my Department and we hope to consult on this in the summer.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): This is obviously another worrying development that reinforces Dame Judith Hackitt's interim findings of the cultural change needed across the board, which the Secretary of State referred to. We look forward to her conclusions, including, I hope, on the updating of fire guidance in Approved Document B.

What assistance can the Secretary of State offer to leaseholders who face bills of thousands of pounds for fire marshals and replacement cladding, and now perhaps for new fire doors, given that they have no responsibility for the predicament in which they find themselves? I draw attention to the question asked by the hon. Member for Worthing West (Sir Peter Bottomley). The Secretary of State's exhortations to property management companies and freeholders are falling on deaf ears, and leaseholders are having to pick up the tab.

Sajid Javid: I thank the hon. Gentleman for welcoming Dame Judith Hackitt's work.

I and the Government very much understand the situation that leaseholders are in. It is obviously a very difficult and distressing situation for many people—we understand that. I do not accept that what I and others have said about owners' moral duty is falling on deaf ears. There have actually been a number of instances in which we have got involved and some of the private owners have listened. They do not wish to be public about that—that is their choice—but at least they have

listened and helped the leaseholders. I want more to do the same. I am keeping the issue under review and looking to see what more we can do.

Julian Knight (Solihull) (Con): We all in the House have been deeply moved by the dignity of the survivors of the Grenfell Tower disaster, the bereaved and the volunteers. Many of us have also had casework and individuals come to us with concerns about where they live. Will my right hon. Friend commit to continuing to do absolutely everything in his power to ensure they get the help, support and justice they deserve?

Sajid Javid: I am very happy, once again, to make that commitment. The work continues each day in my Department and across Government through the ministerial group set up to help the survivors of the Grenfell disaster. I am very happy to re-emphasise that commitment to my hon. Friend.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I have found the Secretary of State to be a very good communicator and very good at keeping the House informed, so any criticisms I now make should be heard with that in mind. I just do not understand the guidance he has given in response to a couple of questions I have asked. The fact is that many thousands of people in our country have a black cloud hanging over them. Be they leaseholders or freeholders, they cannot get it out of their minds, because they do not know how much they will be responsible for. I have begged him to get everyone together—the Government should put something in, too, because they changed the standard. Please can we get this sorted?

Sajid Javid: With respect to the hon. Gentleman, the issue of leaseholders and what can and cannot be done is fast changing. As he may know, a legal case was waiting to be heard and was only concluded a couple of days ago, and as I said earlier, we are studying the outcome. On his point about getting people together, we are in the process of setting up a roundtable with several interested parties, including representatives of leaseholders, which I think will help.

Jeremy Quin (Horsham) (Con): I commend my right hon. Friend for swiftly updating the House. Many of our citizens are deeply concerned about fire risk—and I am afraid—sceptical of statements made by Governments of any colour. Will he remind the House of the quality and strength of the panel advising him on these important issues?

Sajid Javid: Yes, I am very happy to do that. The expert panel is chaired by Sir Ken Knight, the former London fire commissioner and the Government's former chief fire and rescue adviser. Also on the panel are Dr Peter Bonfield, chief executive of the Building Research Establishment, Mr Roy Wilsher, chair of the National Fire Chiefs Council, and Miss Ann Bentley, global director of a leading construction company and a member of the Construction Leadership Council.

Christine Jardine (Edinburgh West) (LD): The expert panel's recommendation that no change in safety advice is necessary will come as a surprise to many people. Will the Government insist that Dame Judith Hackitt's review

[Christine Jardine]

of fire regulation assessments makes sure that every high-rise building assessment is published and made available in an accessible form to the public so that they can get the reassurance that I fear they will not have got from this report?

Sajid Javid: I hope that the public will be very reassured by the advice of the expert panel, not just because of the years of expertise represented on it, but—it is worth emphasising this—because it is working closely and consulting with the National Fire Chiefs Council, the Metropolitan police and the Government's chief scientific officers. I hope that that gives more confidence to the public and the hon. Lady.

Chris Davies (Brecon and Radnorshire) (Con): I thank the Secretary of State for his statement. I am sure the whole House will agree that it is vital that the victims of the Grenfell tragedy get justice. Does he agree that the only way to do this is to let the police investigation and the independent inquiry get on with their jobs?

Sajid Javid: We all in the House want to see justice for the victims of the Grenfell tragedy, which is why the live police investigation to which I referred earlier as well as the work of the public inquiry are so important. Both pieces of work have the Government's full support.

Clive Efford (Eltham) (Lab): I do not find the Secretary of State's statement at all reassuring. Nine months on, he has come to the House to say that we have just discovered that the fire doors were defective and only lasted 15 minutes in the case of a fire, not 30 minutes. My constituents are told to stay put on the basis that those doors give the fire service time to come and rescue people in tower blocks. He says that this is not a systemic problem, but just what does that mean? Were these defective doors fitted in the knowledge that they only lasted 15 minutes? Is the manufacturer to blame? How widespread is this? Are the doors in the blocks in my constituency defective? I really find this statement defective. Can we have another statement from the Secretary of State to update us with the real facts of the situation?

Sajid Javid: There is a live police investigation going on. The hon. Gentleman should appreciate that it is an independent criminal investigation by the police, and it would not be appropriate for me to talk about certain things publicly, unless he is suggesting that we should jeopardise a live police investigation.

The hon. Gentleman rightly asks about the investigation—not the police investigation, but the work being led by the expert panel—and I am happy to give him more information. There is a documentary investigation into the fire doors, led by the police, to see whether it is a whole set of fire doors or a certain batch and where they might be in the country. There is a fire testing investigation taking place, led by my Department, to test a whole number of other doors to see how widespread this problem may be. There is also a visual inspection and declassification investigation going on into the materials. I hope the hon. Gentleman will appreciate that there is a lot of work to do, and it is right that we do this thoroughly and take the time to get it right.

Rachel Maclean (Redditch) (Con): I thank the Secretary of State for providing the assurances that he has, which will be gratefully received by my constituents. He will know, as my neighbouring MP in Bromsgrove, that the people of Worcestershire have been deeply touched by this tragedy. It has affected people up and down the country. Can he give assurance to Redditch Borough Council by telling it whether there are any actions it needs to take immediately, in the light of these latest findings?

Sajid Javid: Soon after this terrible tragedy, my Department got in touch with every council in the country, including Redditch Borough Council, to inform them of what we knew at the time and any immediate measures that they must take. Since then, councils have been kept updated as we learn more information, including the information that we have talked about today.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Leaseholders at Heysmoor Heights in Liverpool are already facing bills of £18,000 each for the replacement of cladding. Who knows what this new announcement might mean for them and other people around the country? The original development company was dissolved four years ago, and the current owner is Guernsey-based Abacus Land 4 Ltd. It is still not known whether an insurance policy apparently taken out by the original developers will raise any funds at all to meet those costs. Leaseholders keep being told that they will be given an answer, but they have not had one yet. The Secretary of State keeps expressing some kind of sympathy for leaseholders caught in this situation, but what else can he do to help leaseholders in general and my constituents at Heysmoor Heights in Liverpool?

Sajid Javid: What the hon. Lady highlights is the complexity of some of these situations, which I am sure she appreciates. Despite that, we must, as she suggests, do whatever we can to help the individuals in these very difficult circumstances. That is why we are looking closely at the recent legal judgment; I believe it is the first time that a tribunal has looked at that kind of case. That is why we have provided more funding for the Leasehold Advisory Service, so that leaseholders can get more instant support. We are looking at what more can be done and are keeping the situation under review.

Mr Philip Hollobone (Kettering) (Con): I have had the privilege of completing the two-year fire service parliamentary scheme, which Sir Ken Knight helped to set up. Being placed in a live carbonaceous fire with breathing apparatus, I had a small introduction to the horrors of fire and the bravery displayed by our firefighters every day of the week. Fire doors are absolutely crucial. What puzzles me about this inquiry and the statement is: who certifies that these doors are meant to last 30 minutes, if it has been demonstrated that they last half that time? Fifteen minutes may not seem very long to us in this Chamber, but for the people who are trapped behind the doors and can see fire through the glass, it is crucial. Who certifies the 30 minutes?

Sajid Javid: My hon. Friend speaks with experience and is absolutely right to ask that question. The door in question should have had resistance for 30 minutes. It must be tested against and meet the British standard,

BS 476-22. There is a testing centre for such products, and testing centres must be accredited by the United Kingdom Accreditation Service. I do not want to make any judgments on what happened in this case, because it is subject to a live police investigation. The police have said that they are getting full co-operation from the manufacturer. It would be wrong of me to get into that, but I reassure my hon. Friend that the police are doing their work with that particular door and doors of that type, and we are doing the much wider necessary testing.

Karen Lee (Lincoln) (Lab): Last night one of my parliamentary staff went on the Grenfell march, and afterwards he talked to somebody who has been living in a hotel room for the past nine months. Despite the Government's promise to rehouse these people, the figures show that, nine months after the fire, only 60 of 208 households have permanent homes. I have heard the word "urgency" being used a lot this morning. When will the Government properly rehouse these people? Will the Secretary of State give a timescale? We hear reassuring noises, but these people are telling us that they are not seeing action on the ground. Will they be rehoused for the summer, for autumn or for Christmas?

Sajid Javid: I am very happy to update the hon. Lady. There were 151 homes lost to the fire, but new homes had to be found for 209 households. I think she knows why that number is higher. So far, 184 have moved out of emergency accommodation into either temporary or permanent accommodation. That leaves 25 households who have still not accepted temporary or permanent accommodation. I hope she will appreciate that, while it is absolutely right that we work at pace and help those families to move as quickly as possible into permanent or temporary accommodation, as they choose—by the way, more than 300 homes are now available on the letting system, which is more than enough—no family can be pushed or told that they must make a decision and that they have no choice. It must be done at their pace. I cannot go into the details, but there are complicating factors with a number of the 25 households who are yet to accept temporary accommodation. There are a number of issues and it would be inappropriate, from what I know, to force those families to make a decision if they are not ready.

Vicky Foxcroft (Lewisham, Deptford) (Lab): I continue to deal with concerns regarding the construction of a tower block in my constituency. The concern is that, although the cladding meets the building regulations, it is not fire safe—in other words, when it has been tested, it has been deemed not to be fire safe. When are we going to get around to sorting out the building regulations to ensure that all of our tower blocks are safe and that everybody can feel safe in their homes?

Sajid Javid: I am not aware of the particular tower block mentioned by the hon. Lady, but if she wants to give me more information, I will happily take a closer look. If I understood her correctly, she said that the cladding has passed building regulation tests but the tower block is not deemed safe, but I am not aware of such a case. In every case to which I have referred, it is our view that none of the cladding on a number of buildings meets building regulations, which is exactly why it needs to be removed.

Matthew Pennycook (Greenwich and Woolwich) (Lab): The Secretary of State is well aware of the messy and as yet unresolved situation of New Capital Quay in Greenwich and the plight of leaseholders. Last week the community found out about another development in Greenwich with dangerous cladding on some of the towers. I will not go into the details, but how on earth, nine months on, are we still finding out about additional private freehold developments with lethal material around some of their blocks?

Sajid Javid: Last August I wrote to every single local authority, asking them to carry out the work of finding all the private sector buildings in their area, and providing support for them. In fact, we have just given additional funding to help with that. All of them have acted with urgency and are working at pace. Some are still discovering buildings, because the work partly requires the co-operation of the private sector. We have spoken to many private sector institutions. It would be wrong to blame the local authorities; it is right that we work with them and give them all the support necessary to find these buildings.

Neil Coyle (Bermondsey and Old Southwark) (Lab): Immediately after Grenfell, Southwark Council's leader, chief exec and the three borough MPs wrote to the Secretary of State asking for help to retrofit sprinklers in more than 170 tower blocks in the borough. That was a clear request for financial support. It is simply disingenuous to claim that no request has been turned down. The Department dismissively said that it would assess the council's means to do the work itself. Nine months on, how is that assessment coming along? Has it been designed, will it be published, and when will Southwark Council be given the resources to complete the works?

Sajid Javid: We have made it very clear that all local authorities, including Southwark Council, should determine for themselves the essential work required for fire safety—public safety is the No. 1 issue—and if they need financial flexibility to help them pay for it, that will not be turned down. We are in discussions with more than 40 local authorities, many in detail. We are working with them and I am not aware of us having turned down any discussions with a single local authority. We are happy to work with them all and make sure that they get the financial flexibility they need.

Dr Rupa Huq (Ealing Central and Acton) (Lab): As west London near neighbours, residents in the London borough of Ealing can see Grenfell—the charred coffin in the sky—from bits of my constituency. I passed by it yesterday. My constituent John Metcalfe attended the silent march last night and says that there were massive numbers and the sense of injustice was overwhelming. The Minister has repeatedly said that public safety is paramount. What is he doing to instil public confidence—I will not say "regain", because I do not think it was ever there—in the inquiry and the aftermath?

Sajid Javid: The hon. Lady is right to raise the issue of building more public confidence in the local community—not just the former residents of Grenfell Tower, but the immediate community. Much work has been done by the council, as well as by residents themselves, with Government support. For example, we have worked

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with and given support to Grenfell United, the group set up by victims of the tragedy. We will continue to do that, but I hope the hon. Lady will appreciate that it will take a long time—perhaps years—to build the right level of confidence. Part of that process is making sure that the community is listened to every step of the way and that it is treated respectfully. For example, I determined that it was very important that the bereaved were told last night the news that I have shared with the House today, so that they heard it in advance and did not hear about it first in Parliament. That is the way in which we continue to work with the community and help in every way we can.

Emma Dent Coad (Kensington) (Lab): The Secretary of State's comments on rehousing survivors do not equate with my experience: a great deal more than 25 households are still waiting for any kind of suitable offer. On the fire doors, I received a message just this morning from an elderly architect friend who worked as part of the team on the Grenfell Tower and estate. In his experience, the architects at the time specified fire doors that lasted one hour. Architects knew what they were doing in those days and they signed it off at the end. They were responsible from beginning to end. In those days, in the 1970s, fire doors were supposed to last for one hour. They are now down to 30 minutes. Can we please reconsider whether half an hour is enough in buildings of that size?

Sajid Javid: First, let me reiterate the latest figures I have. Of the 209 households originally from Grenfell Tower that need to be rehoused, 184 have accepted offers of temporary or permanent accommodation, which leaves 25 that have not accepted offers of either. There are now over 300 units available of different sizes and types, and in different locations, and family liaison officers and key workers are working with each family. As I said earlier, we will not rush this: it will be done at the pace that the survivors want. That is the correct process.

The hon. Lady asked me about the fire doors and whether one hour, versus half an hour, is correct. This is exactly one of the reasons why I have set up the independent building regulations and fire safety inquiry—the work being done by Dame Judith Hackitt—and I know that she will be looking at this issue.

Burma

12.20 pm

The Minister for Asia and the Pacific (Mark Field): Thank you, Mr Deputy Speaker, for the opportunity to update the House on the desperate plight of Burma's Rohingya in the week that the UN fact-finding mission on Burma has reported to the Human Rights Council with its interim findings.

The international community has repeatedly called on the Burmese authorities to allow the fact-finding mission to enter Burma. Regrettably, Burma continues to refuse access. Despite this, through interviewing Rohingya refugees in both Bangladesh and Malaysia, the interim report has revealed credible evidence of the widespread and systematic abuse, rape and murder of Rohingya people, and the destruction of their homes and villages, primarily by the Burmese military. This is not only a human tragedy; it is a humanitarian catastrophe. Since August 2017, nearly 680,000 Rohingya refugees have sought shelter in Bangladesh.

There have been some suggestions, including by the Foreign Affairs Committee, that the UK failed to see this crisis coming. With respect, I disagree with such a conclusion. Let us be clear about what has led to this current situation. The Rohingya have suffered persecution in Rakhine for decades. Such rights as they had have been progressively diminished under successive military Governments. They have been victims of systematic violence before, most recently in 2012 and in late 2016. On these more recent occasions, the Rohingya fled their homes—some to internally displaced person camps elsewhere in Rakhine, and some to other nations over land or sea. The outbreak of vicious hostility during the past six months is therefore only the latest episode in a long-lasting cycle of violence. We have been urging the Burmese civilian Government to take action to stop the situation deteriorating since they came to power two years ago. What was unprecedented and unforeseen about this most recent violence was its scale and intensity.

A recent report by the International Crisis Group has rightly noted that there is and can be no military solution alone to this crisis. The 25 August attack by Arakan Rohingya Salvation army militants on Burmese security forces, which triggered the latest phase, was clearly an unacceptable and deliberate provocation, but the Burmese military's relentless response since then has been utterly appalling and entirely inexcusable. Its operations only last week on Burma's border with Bangladesh were supposedly directed against another wave of ARSA militants. Whether or not that explanation is to be believed, the actual impact of the Burmese military's actions was to terrorise thousands of Rohingya living in the area and to encourage ever more civilians to cross over into Bangladesh.

I once again commend the generosity of the Government and people of Bangladesh for opening their doors to these desperate refugees. The UK remains one of the largest bilateral aid donors to the crisis. We have committed some £59 million in the past six months to help ensure the refugees' immediate wellbeing. This includes £5 million of matched funding for the very generous public donations by British citizens to the Disasters Emergency Committee appeal.

My right hon. Friend the International Development Secretary visited Bangladesh last November and announced the latest UK package of support, including for survivors

of sexual and other violence. We anticipate that the multi-agency plan for the next phase of humanitarian support, from March to the end of the year, will be published imminently. As the International Development Secretary confirmed during her Bangladesh visit, the UK is and will remain committed to the Rohingya now and, I suspect, for many years to come. At the end of last year, the UK Government deployed British doctors, nurses and firefighters from our emergency medical teams to Bangladesh to tackle an outbreak of deadly diphtheria in the refugee camps.

In northern Rakhine—within Burma's borders—where humanitarian access remains severely restricted, the UK is providing £2 million of support via the World Food Programme and a further £1 million via the Red Cross, one of the few international organisations that has access to that part of Burma. We stand ready to do more as soon as we are permitted full access.

We continue to work tirelessly in co-operation with international partners to find a solution to this crisis, focusing international attention and pressure on the Burmese authorities and security forces. Since the final week of August, the UK has repeatedly raised the crisis as an issue for debate at the UN Security Council, most recently on 13 February. The existence of the UN fact-finding mission is in no small part due to British diplomacy, and I have engaged and will continue to engage with its members.

In November, the UK was instrumental in securing the first UN Security Council presidential statement on Burma for a decade, which delivered a very clear message that the Burmese authorities should protect all civilians within Burma, create the conditions for refugees to return and allow full humanitarian access in Rakhine state. Late last month, I was privileged to attend the EU Foreign Affairs Council in Brussels, where a programme of sanctions against senior Burmese military figures was outlined. I am glad to say that this was approved unanimously, and we hope to bring this work to the attention of the UN Security Council soon.

I know that many hon. Members remain very deeply committed to helping to resolve the appalling situation faced by the Rohingya community, and I welcome that continued engagement. I visited both countries in September, and I returned to Burma in November. During those visits, I met displaced Rohingya, but also Hindu and Buddhist communities in Rakhine, and heard harrowing accounts of human rights violations and abuses. It was clear that the communities remain very deeply divided, and there is still a palpable sense of mutual fear and mistrust. At that time, I met State Counsellor Aung San Suu Kyi, the Minister for Defence and the deputy Foreign Minister to reiterate the urgent need to take action to end the violence and allow a path for the safe return of the refugees.

During his visit to Burma last month, my right hon. Friend the Foreign Secretary, in a meeting with Aung San Suu Kyi, pressed for the necessary steps to be taken to create the conditions conducive for the return of the refugees. He flew over Rakhine, and saw for himself the scale of the destruction—the ongoing destruction—of land and property there. He also visited Bangladesh, where he met Prime Minister Sheikh Hasina and Foreign Minister Ali, and visited the camps in Cox's Bazar, where he heard distressing accounts from survivors, as

well as their heartfelt hopes for a better future and their desire to return safely to Burma. Our visits have reinforced our determination to help resolve this appalling crisis.

I recognise that the House remains deeply committed to ensuring that the human rights of refugees, but particularly of the Rohingya, are protected, and we welcome the House's resolution to that effect as recently as 24 January. Let me outline, if I may, some of the next steps. We believe that there are four immediate priorities. First, we must continue to address the humanitarian needs, especially the needs of victims of sexual violence, in both northern Rakhine and in Bangladesh. This includes assisting, as a matter of urgency, the humanitarian agencies working in the vicinity of Cox's Bazar to help prepare for the approaching monsoon and cyclone season, which commences in a matter of weeks. We shall continue to work with international humanitarian agencies delivering aid in Rakhine state, and to support Bangladesh in its efforts to help those fleeing the violence.

Secondly, we must continue the patient work towards achieving a safe, voluntary and dignified return of refugees. We shall press for the United Nations High Commissioner for Refugees to oversee this process and ensure full verification of any returns on both sides of the border. As the globally mandated body, we believe the UNHCR remains the best equipped and most credible agency to oversee this very difficult process.

Thirdly, we must continue international progress towards bringing to justice the perpetrators of human rights violations, including sexual violence, in Rakhine. The international community has agreed to make the case to the Burmese authorities for a credible, transparent and independent inquiry. In my view, united international pressure will be essential in achieving that aim.

The UN fact-finding mission is a first and important step in what is likely to be a long road ahead. It produced its interim report on Monday, reflecting the violent, military-led, abhorrent actions against the Rohingya and other communities in Burma. We shall continue to support the mission's important work, including urging Burma to allow it unrestricted access. We will also continue to provide support to build the capacity of the National Human Rights Commission of Bangladesh to investigate properly and document sexual violence among Rohingya refugees.

As Canada's special envoy to Burma, Bob Rae—I saw him at the Foreign Office only a few weeks ago—said, “those responsible for breaches of international law and crimes against humanity must be brought to justice”.

In my view, that applies to all involved: state and non-state actors, senior military personnel, and all individuals in authority. Yanghee Lee, the UN Special Rapporteur on human rights in Burma, recently stated that the conflict had the “hallmarks of genocide”.

I must tell the House, however, that the only path to prosecution for genocide or crimes against humanity is via the International Criminal Court. It is a legal process. Burma is not a party to the Rome statute, and must therefore either refer itself to the Court, or be referred by the UN Security Council. I fear that neither eventuality is likely in the short term, but that should not stop us supporting those who continue to collate and collect evidence for use in any future prosecution.

Finally, to achieve a long-term resolution to the crisis in Burma, even in these desperate circumstances, the UK should play a leading role in trying to support a

[Mark Field]

democratic transition and the promotion of freedom, tolerance and diversity. To do that, we will continue to engage, and support attempts peacefully to resolve many of Burma's internal conflicts, and to bring all parts of state apparatus under democratic, civilian control. We stand ready to lead the international community in ensuring the implementation of Kofi Annan's report from the Advisory Commission on Rakhine State. That crucial programme is designed to deliver development for the benefit of all the people of Rakhine state, including the Rohingya, and address the underlying causes of the current crisis. Above all, that includes reviewing the punitive 1982 citizenship law, and making progress on ensuring citizenship for the Rohingya, who are otherwise regarded by many as stateless. We must give them confidence that they have a future as fully-fledged citizens of Burma.

The situation in Burma serves as the clearest possible example of why our Government will continue to uphold their commitments to early warning and preventing the risk of atrocity crimes, in the context of broader conflict-prevention and peacebuilding work. It is vital that lessons from this human tragedy are used to prevent similar situations from developing in the future. I stand ready to work with Members from across the House, and with NGOs that have a real passion in this area, on getting a framework in place for the future.

The UK Government intend to remain in the vanguard of international action and to support a full range of humanitarian, political and diplomatic efforts to help resolve this appalling situation. We shall continue to press Burma to facilitate the safe, voluntary and dignified return of the Rohingya Muslims under UNHCR oversight, and also to address, properly and fully, the underlying causes of the violence. We shall not and must not lose sight of the fact that the Rohingya community have suffered for generations and will need our continued support to live the lives they choose. Neither will we fail to take account of the wider picture in Burma and the potential that sustained movement towards an open, democratic society offers to all its people. We shall push forward with persistence, focus and energy—it is our international and moral duty to do so. I commend the statement to the House.

12.34 pm

Helen Goodman (Bishop Auckland) (Lab): I thank the Minister for that clear and comprehensive update on the situation of the Rohingya, and for giving me advance sight of his statement. No one can doubt the effort and commitment that he and his officials in the Foreign Office and on the ground are putting into resolving this issue.

I also welcome several specific aspects of the Minister's update. First, the interim report of the UN fact-finding mission—both in its level of detail about the atrocities suffered by the Rohingya and in the unflinching language it uses to describe those genocidal acts—is a vital first step in building a case against the individuals responsible. Secondly, I welcome the public's generosity, and the Government's continued commitment to providing humanitarian relief to the Rohingya refugees trapped in Cox's Bazar and elsewhere. I applaud the tireless work of British medical professionals seeking to stop the spread of disease in the camps.

Thirdly, I welcome the Minister's words on the role of UNHCR in ensuring a safe, dignified and voluntary return, and a sustainable future for those refugees. The international community must continue to put pressure on the Government in Myanmar to allow UNHCR to dictate when and how it will be appropriate to begin that repatriation process. Fourthly, I welcome the Minister's continued support for the Kofi Annan report, and the vital long-term reforms it sets out to give full rights and lasting protection to the Rohingya community in Myanmar. Democratic and civil society development did not improve as we hoped two years ago, and only this week I heard also about 100,000 displaced people in Kachin state.

I welcome the progress that the Minister mentioned on agreeing EU-wide sanctions against leading Myanmar generals. Only two weeks ago, Foreign Office Ministers were avoiding a debate and voting down Labour's Magnitsky amendments. I was therefore pleased that the Prime Minister expressed a change of heart yesterday, not least because we noticed that the United States used Magnitsky provisions to sanction one of the generals, Maung Maung Soe.

The Minister spoke about the importance of providing support for the victims of sexual violence, and documenting the abuses that they have suffered, with a view to bringing prosecutions against those responsible at some future date. He will know the concern across the House that when we last received an update on Myanmar, it was confirmed that only two of the 70 sexual violence experts employed as part of the Government's preventing sexual violence initiative in 2012 had been deployed to work on those cases. Have more of those staff now been deployed in the refugee camps? Are those two experts still there? How many people are now working to support victims and document their evidence? What percentage of the victims of sexual violence does he estimate have now received support and had their cases documented, whether by UK experts or other agencies working on this issue?

The Minister noted the impending monsoon season, and we are all aware of the risk that those heavy rains could turn the existing humanitarian crisis in the refugee camps into something even more catastrophic, including through the spread of waterborne disease. What assessment have the Minister's officials, and their counterparts in the United Nations, made of the current shortfall in humanitarian funding to support the refugees, and of the expected shortfall if the monsoon season makes the crisis worse? If those numbers are as high as many of us fear, what emergency action will the Government take with our international partners to try to plug those gaps?

Finally, we must return to how we can best ensure the safe, voluntary and dignified repatriation of and a sustainable future for the Rohingya refugees, and how we can ensure that those responsible for the atrocities against them are brought to justice. I appreciate what the Minister has said about the pressure the United Kingdom has exerted behind the scenes at the United Nations in terms of setting up the fact-finding mission and obtaining the Security Council presidential statement. However, he will understand the long-standing view on the Labour Benches that it is time to go further and be more public in using the UK's formal role as penholder on Myanmar on the United Nations Security Council to table resolutions on these vital issues: first, to table a resolution setting out the terms under which the repatriation

process should proceed, and the future rights and protections that must be accorded to the Rohingya refugees, obliging the Myanmar authorities to accede to those terms. Secondly, at the appropriate time, a resolution should be tabled referring Myanmar to the International Criminal Court, so that the generals, who this week scandalously dismissed the UN's claims of ethnic cleansing and genocide by saying the Rohingya had burned down their own houses, can be brought to account.

The Minister spoke with candour on that second point, admitting that such a resolution would be difficult to get past the Security Council. I ask him to expand on that. What steps have the Government taken to engage with Myanmar's near neighbour China and did the Prime Minister raise this issue with the Chinese on her recent trip?

Many of us fear that, if we do not act quickly to break the stalemate, especially with the monsoon season coming, we will have these types of updates for too many months to come, and the humanitarian crisis the Minister described will only get worse.

Mr Deputy Speaker (Sir Lindsay Hoyle): May I just give a little bit of advice to both Front Benchers? The speeches are meant to be 10 and five minutes. I think one was nearly 16 and the other was seven. I did not want to stop them, because this is a very important subject, but I would like us to keep to that in future.

Mark Field: Thank you, Mr Deputy Speaker. I think that the Speaker's Office was made aware that we wanted to have a slightly longer statement.

I appreciate the hon. Lady's kind words, which were broadly supportive of what we are trying to do. I am very keen, as far as we can, to work together on this issue. I appreciate that, inevitably, these issues can be partisan, but I think there is a way in which this House can express its strong views, not least given our penholder status. Let me touch, if I may, on some of the broader issues she raised.

On sexual violence, I will come back to the hon. Lady with details of how many civilian experts we have on the ground, what their situation is and what work is being done. We are confident that significant progress has been made. As she will be aware, Rohingya women and children remain very vulnerable to gender-based violence and sexual exploitation. The Department for International Development is to a large extent leading the way in supporting and working very closely with a range of organisations, even if they are not necessarily from the UK, to provide specialist help for survivors of sexual violence. This help includes some 30 child friendly spaces to support children with protective services, psychological and physiological support, 25 women's centres, which are offering safe space and support to the activities of women and girls, and case management for the 2,190 survivors of sexual and gender-based violence. Some 53,510 women are being provided with midwifery care and we are helping to fund the provision of medical services, counselling and psychological support. If the hon. Lady will forgive me, I will come back to her in writing with further details of the issues she raised on that point.

The impending cyclone and monsoon season is a matter of grave concern. Working with international partners, the UK has already done a huge amount with

agencies to ensure that a quarter of a million people will continue to have access to safe drinking water throughout the rainy season. We have also supported cholera, measles and diphtheria vaccination campaigns. We are putting some pressure on the Bangladeshi authorities to try to ensure that a little more space is cleared for further camps, if existing camps become uninhabitable. I should perhaps also say that, along with my colleague in the House of Lords, Lord Ahmad, I hope to meet the Bangladeshi Foreign Secretary immediately after this statement. He is the most senior civil servant, as the hon. Lady will understand, with foreign affairs responsibilities. I have met him on a couple of occasions, both in Dhaka and here in London. I will be meeting him at the Foreign and Commonwealth Office, and I undertake to discuss these urgent concerns about cyclone-related issues.

On returns, let me first confirm that at a meeting in China in February the Prime Minister made it very clear in private session with her counterparts the concerns we feel about this issue and have tried to get through the UN process.¹ I am hopeful that we will be able to continue to put pressure on—unfortunately, the veto is an issue in relation to not just China but Russia—not least with the interim report being finalised as this sad situation remains high profile. I had hoped to come to the House on Monday immediately after the interim report, but with all the other business, this has been the first available opportunity to be able to speak to the House. One of the biggest fears I think all of us have had—certainly, it is a fear shared by the Bangladeshi authorities—is that the eyes of the world will move away from the Rohingya and on to other issues. I believe they will return if things go as dismally as we fear they might during the cyclone season. We will keep the pressure on. I do not rule out the idea that we will work towards preparing a UN Security Council resolution to call the Burmese authorities to account.

The hon. Lady mentions Magnitsky. She is absolutely right that that provides an opportunity. However, it is probably fair to say that, unlike many former Russian citizens who are in this country, many senior Burmese figures do not have huge financial interests in this country in assets, wanting to arrive here for a visa or having children in schools. I do not think that if the Magnitsky amendment is passed into law it will be a silver bullet. I do not think it will make a massive difference in terms of sanctions against senior Burmese figures, but we will continue to work on it.

Finally, on the returns process, which other Members may wish to raise, the hon. Lady will be aware that the Governments of Bangladesh and Burma signed a repatriation agreement as long ago as 23 November. To be absolutely honest, it is not just the UK that thinks that northern Rakhine is simply not safe for returns. I think everybody shares that assessment. I spoke at great length with Lord Darzi, who is on the advisory commission, at the Foreign Office last week. He had been on the ground and spoke to people there. It is clear that we are, I fear, a considerable way from there being any possibility of safe, voluntary or dignified returns to Rakhine state.

Sir Desmond Swayne (New Forest West) (Con): The Tatmadaw has form and we should not forget the plight of the Christian community in northern Kachin, to whom we owe a particular debt of honour. They have

1. [Official Report, 28 March 2018, Vol. 638, c. 3MC.]

[*Sir Desmond Swayne*]

been dispossessed by violence and prevented from returning by mining interests, and there being a sinister link between the two.

Mark Field: My right hon. Friend makes an entirely fair point, which was alluded to by the hon. Member for Bishop Auckland. He is right. The issues around minority communities are not restricted to the Rohingya. The Rohingya are the largest single community to be treated in an appalling way by the Burmese authorities, but there are other minorities, Christian and others, who are being persecuted. We will continue to keep the pressure on the Burmese authorities.

Chris Law (Dundee West) (SNP): I thank the Minister for advance sight of the statement. It goes without saying in this House that this humanitarian tragedy has reached an unthinkable scale and the atrocities are almost unspeakable. As he knows, only last week, I visited the mega-camp in Bangladesh with the International Development Committee. The enormity of what we saw, with almost 1 million people in three or four square miles, was unbelievable. I am lost for words in trying to explain just how big this humanitarian emergency is. Five hundred people are still coming across the border every week from Burma to Bangladesh and their stories are the same—of atrocities, loss, murder, rape, and the rest, as we have been hearing in previous months.

Right now, we face an imminent challenge and we are running out of time, weeks away from a monsoon impeding and a potential cyclone. I want to hear more from the Minister about what specifically is being done on that. Flooding and imminent landslides could both lead to further devastating loss of life. The reckoning is that more than 200,000 will be affected, and obviously, there could be subsequent waterborne diseases. The UK Government plan to work towards returning refugees to Burma. I know that needs to be slow and considered, but we in the Scottish National party are cautious and share the view of the UN and aid groups that this could thrust the refugees back into danger. Last week, we even heard from a Bangladeshi Minister that it is unsafe for the Rohingya to return.

We welcome the report by the UN fact-finding mission in Burma, which adds to the overwhelming evidence that what has taken place is a human rights violation of the most serious kind, likely amounting to crimes under international law. Earlier, we heard the UN special rapporteur state that the conflict had the “hallmarks of genocide”. As I speak today, my city of Dundee is considering the withdrawal of the freedom of the city that was given to Aung San Suu Kyi for human rights and democracy and for upholding international law. For my constituents, that is profoundly important.

The Minister said that he does not agree with the conclusion of the Foreign Affairs Committee inquiry that the UK failed to see this crisis coming. However, this conclusion is backed by overwhelming evidence. The unchecked hate speech, lack of Government control over security forces, the presence of non-state and pseudo-non-state armed groups, growing nationalist support of the military and increased incidents of identity-based attacks were all serious indicators of the escalating violence against the Rohingya. The UK does not currently

integrate an index of risk factors for identity-based violence, even though that would help to predict incidents of violent extremism, mass atrocities and institutional violence. I urge that the work on this index starts immediately, and I urge the Minister to announce today that he will begin the work on it.

Finally, will the Minister set out today what lessons have been learned from these events regarding atrocity prevention? How will these lessons be applied in Burma and elsewhere in future?

Mark Field: I thank the Scottish National party spokesman for his kind words about the work we are trying to do together across Parliament. On cyclone preparedness, the UK is working with a number of partners in Bangladesh on strengthening infrastructure and ensuring that at-risk households are provided with shelter materials. Part and parcel of the process is trying to persuade the Bangladeshi authorities. I will do that in the meeting this afternoon and express the strength of feeling that we need to open up more space, so that the confinement that the refugees are under, which could be calamitous if a cyclone hits part of that area, is restricted as far as possible.

I did not want to be in any way critical of what the Foreign Affairs Committee concluded, not least with its Chairman, my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat), sitting on the Benches behind me. We have not been quiet about this issue in Burma and the fact that the Rohingya were continually going to be under pressure. We would contend that it is not the case that this notion came out of blue sky.

Being candid, I think everyone had a sense of wishful thinking. My right hon. Friend the Member for New Forest West (Sir Desmond Swayne), who spoke earlier, had a DFID role and was a Minister at one time—I am not in any way blaming him, but the whole international community was so hopeful that after decades of military rule in Burma, going back to 1962 and, arguably, to the creation of the state in 1947–48, we would suddenly have a big surge towards democracy. The constitution that we in the international community were all party to seeing set up, I am afraid, provided massive difficulties almost from day one, when Aung San Suu Kyi became State Councillor. The power that was still in the hands of the military meant that we overlooked, for example, the Rohingya’s rights. They were not included in the census and were not allowed to vote in the first elections. In many ways, we recognise with hindsight that that gave succour to the Burmese military in thinking that they could get away with what they have now got away with. There was a lot of wishful thinking. With the best motivation in the world, we wanted to see some progress. After decades of the darkness of being a military dictatorship—almost a closed state—we looked upon any advancement as something that we should grasp hold of. That is a lesson we shall learn for the future.

I want to work with many non-governmental organisations—Protection Approaches is a good example—to work towards having a set of policies with which we can look at conflict prevention for the future. However, many hundreds of lives have been blighted and tens of thousands of lives have been ended by this dreadful event, and we know that this is still an ongoing situation. The best legacy that we can give to the Rohingya is not just to get a better life for them and ensure that they

have citizenship and a stake in longer-term Burmese society, but to ensure that the sacrifices and hardship that they have gone through can be used as an example to make sure that the rest of the world makes those changes. Ultimately, that is a partly academic, practical exercise, and we need to work within the international community to bring that to pass.

Mr Philip Hollobone (Kettering) (Con): I visited the Kutupalong Rohingya refugee camp in October last year, and I believe that I am right in saying that it is one of the largest and most congested refugee camps in the whole world. It is equivalent to a city the size of Bristol, yet it has no hospital, inadequate schooling facilities and very few roads. It seems that the biggest risk to the Rohingya is an outbreak of disease in this massive refugee camp, and that the No. 1 humanitarian priority is that the camp is broken up, with extra space found, so that if the worst comes to the worst, an outbreak could be contained.

Mark Field: My hon. Friend speaks with great knowledge about this matter and I very much agree with him. Clearly the international community will have to work with the Bangladeshi Government on that issue, but we are focused on it. We have a good track record on disease prevention. We can be very proud of the work that we did to nip the diphtheria outbreak in the bud, but I am by no means complacent that similar diseases such as cholera, as well as diphtheria, will not be prominent in the months to come.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I thank the Minister for his comprehensive statement and echo his words in describing this as a “humanitarian catastrophe”. I also reinforce what the hon. Member for Kettering (Mr Hollobone) said about the sheer scale of the camp—it is 10 times the size of the Zaatari refugee camp in Jordan and double the size of the city of Liverpool. I welcome the fact that the Minister is meeting the Bangladeshi Foreign Minister this afternoon, but we really need to say to Bangladesh at the most senior level that more needs to be done to prepare for the rainy season, cyclones and the monsoon. I urge our Prime Minister to ask the Bangladeshi Prime Minister, Sheikh Hasina, to take a personal lead, because otherwise that humanitarian catastrophe will be multiplied in the weeks and months ahead.

Mark Field: I thank the hon. Gentleman for his words; he is absolutely right. I know that the International Development Committee, which he chairs, has done tremendous work. I only wish that it had been able to go to the other side of the border—that would have been very instructive—but the work it has done in Bangladesh is of tremendous importance.

We are both aware that the heavy rains and cyclones could have a severe impact on the nearly 1 million Rohingya who are already in Cox’s Bazar, as well as the host communities, because it is important to factor in the communities living in that part of Bangladesh. It is to the great credit of those communities and the authorities in Bangladesh that, hitherto, there have not been tensions between the two, but we cannot take that for granted. We are already working in great earnest with the Government of Bangladesh and humanitarian partners to improve preparedness. I will ensure that the

hon. Gentleman’s concerns are passed on not just when I speak to our counterparts, but in our dealings with the Bangladeshi high commissioner to this country. I hope that he will feel able to play as strong a role as possible in making his robust case.

Bob Blackman (Harrow East) (Con): I commend my right hon. Friend for his statement and thank him for keeping the House updated on the plight of the Rohingya Muslims. He also spoke about the plight of other minorities—the Hindus and Buddhists—and my right hon. Friend the Member for New Forest West (Sir Desmond Swayne) mentioned the Christian community. Will the Minister say more about what will be done, by both the United Nations and the British Government, to protect those minorities, who currently do not seem to have any defenders at all?

Mark Field: I think it is unfair to suggest that they have no defenders, although I accept that, understandably and rightly, the focus has been on the Rohingya, who are a larger group that has been excluded from that society as being stateless. The Hindu, Buddhist and Christian groups that are being persecuted—the Buddhists within Rakhine, rather than in Burma as a whole—have at least some citizenship rights.

We will do our level best. I know that my hon. Friend is aware of our work in relation to freedom of religion and belief. We feel very strongly about that issue, and not just in the context of Burma. One of our slight concerns relates to the other things that are happening in that part of the world. We are seeing the deterioration of human rights in Sri Lanka, and even in Thailand. There is suddenly a sense of the Buddhist community being against the Muslim community permeating in areas beyond the Burmese borders. That, I think, could lead to a calamitous state of affairs.

Mr Alistair Carmichael (Orkney and Shetland) (LD): As the Minister has reminded us, the UN special rapporteur on the situation of human rights in Myanmar has described the conflict as having “the hallmarks of genocide”. It is therefore imperative that everything is done to bring the various actors to justice at its conclusion. The Minister was right to mention the challenges that we face in seeking that end, but there is an immediate issue. The best and most compelling evidence that will inform any future prosecutions is to be found now. What are the Government doing to ensure that every piece of evidence for future use is sought and acquired?

Mark Field: The right hon. Gentleman can be assured that we are doing our level best to ensure that there is a full collation of all the evidence to which he refers. We must be patient and recognise that this is a painstaking process. I wish that we could move more quickly to meet concerns about the process of dealing with genocide or crimes against humanity, but we are collecting the evidence very patiently and painstakingly and, when the moment arises, we shall be able to return to that process.

Tom Tugendhat (Tonbridge and Malling) (Con): Let me first apologise, particularly to my hon. Friend the Member for Kettering (Mr Hollobone), for the fact that the Foreign Affairs Committee will not be presenting its latest report to the House this week, because no time has been allotted for Backbench Business. Let me also

[Tom Tugendhat]

declare an interest: my father is among those who are currently training Burmese lawyers, and is serving as one of the judges sent to Burma by Her Majesty's Government.

What is the Minister doing to work with the Association of Southeast Asian Nations? His work so far has been exemplary, and, indeed, the co-operation of the hon. Member for Bishop Auckland (Helen Goodman) has been fantastic—this is a joint effort—but does he agree that ASEAN has a particular role to play, and that Britain's role, alongside ASEAN's, could be game-changing?

Mark Field: I agree that ASEAN's role could be game-changing. My hon. Friend will appreciate that there is, rightly, an approach that ASEAN countries want to work together, but there are clearly tensions. Owing to the differences between the positions of, for example, Indonesia on the one hand, and Malaysia and Thailand on the other, it is more difficult for them to adopt an agreed single line on this matter. I raise that issue at every opportunity when I meet ASEAN figures, both here and internationally. I shall be working with Singapore, which is chairing ASEAN this year, and there will be a big meeting at the end of the year. That is some way away, but I think that this will be an increasingly important issue to raise. I hope that there will also be an opportunity for it to be raised prominently at the Commonwealth Heads of Government meeting, at which three ASEAN members—Singapore, Malaysia and Brunei—will be present.

Richard Burden (Birmingham, Northfield) (Lab): May I emphasise the urgency of addressing at the highest level the imminent threat from the monsoon rains and the cyclone season? Anyone who has seen the camps in Cox's Bazar, as the International Development Committee did last week, will know that the flimsy plastic and bamboo shacks that are built on loose earth on deforested land will be simply swept away, and thousands of people could die. When the Minister raises this issue with the Foreign Minister of Bangladesh, may I urge him to stress that it is not simply the intention of bringing more land into play that is important? What is most important is action to achieve that end—and action within days or weeks, not months.

Mark Field: The hon. Gentleman has seen what is happening with his own eyes, and he is absolutely right. This could be a calamitous situation. The deforestation makes much of the land unviable, other than on an emergency short-term basis. I will do as the hon. Gentleman requests.

Stephen Timms (East Ham) (Lab): I echo the Minister's tribute to the people and Government of Bangladesh for the generosity that has been shown to the Rohingya refugees. What realistic prospect does he see of any significant numbers of returns to Rakhine state in, say, the next 12 months? He was right to highlight the pernicious effects of the 1982 citizenship law. Does he see any realistic prospect of that being reformed, as he rightly proposed in his statement?

Mark Field: As the right hon. Gentleman knows, the wheels of diplomacy sometimes move slowly, but that is not to suggest that we will not be patient and work

towards this. I believe that there need to be returns soon. There is, of course, a political imperative: an election is coming up in Bangladesh, and I think that that is one of the reasons why the Bangladeshi authorities will be keen to see some movement towards returns. The fundamental point, however, is that we cannot accept returns—the international community will not accept them—unless they are “safe, dignified and voluntary”.

I strongly believe that it will take time to work through the issue of citizenship. It has been a running sore since Burma was created, and certainly since the 1982 compact. However, the single most obvious and fundamental aspect of the Kofi Annan report is that unless we get the issue of citizenship right, we will not achieve the reform in Rakhine that is required. We will therefore work with all our international partners to try to ensure that genuine progress is made as quickly as possible.

Mr Jim Cunningham (Coventry South) (Lab): I think that we all appreciate that the Minister is doing a difficult and frustrating job. Is he satisfied that the Bangladeshi Government have the resources to deal with the situation, or will the Rohingya people have to be moved to safer ground? Can he give us an assurance in that regard?

Mark Field: To be candid, I cannot give such an assurance, but, again, we will be making the case. I think that everyone is well aware of climatic conditions such as monsoons and cyclones. Some of those conditions are very severe while others are less so, but in any event we are heading into that season, and the issue is therefore at the forefront of the minds of all concerned.

Carol Monaghan (Glasgow North West) (SNP): I thank the Minister both for his comprehensive statement and for the work that has already been done in Bangladesh. When I met representatives of World Vision this week, they told me that they were extremely concerned about the number of bodies that are buried in shallow graves throughout the camps. The monsoon rains are imminent, and waterborne diseases could be spread if the bodies are exposed. What work is being done in that specific regard, both with the Bangladeshi authorities and with local communities?

Mark Field: To be candid—again—I am not sure exactly what work is being done, but I am sure that World Vision is working with many other non-governmental organisations on the ground, and that those concerns will have been raised with the Bangladeshi authorities. If that turns out not to be the case, the hon. Lady will have been able to raise the matter on the Floor of the House, and I will ensure that it is raised at the highest level.

Tony Lloyd (Rochdale) (Lab): I welcome the Minister's statement. I especially commend his point that returns must be voluntary, but that, of course, means that they are very unlikely to happen. It is unrealistic to suggest that 700,000 traumatised people could be told, “Please go back to face the guns and the rapists that sent you away in the first place.”

There will be pressure—the Bangladeshi authorities, who I think have behaved admirably, will understandably want to see returns—but should it not be recognised

that if there are to be returns, there must be security guarantees, and that those guarantees must be properly underwritten? They will not be for the short term; they will be for decades to come.

Mark Field: The hon. Gentleman is absolutely right: we would not seek for returns to be anything other than voluntary, so we must be patient.

It is also worth pointing out that the Foreign and Commonwealth Office has been engaged in a concerted effort of lobbying other nations. Certainly since the Foreign Secretary arrived back, this is an issue that we raise not just with ASEAN states, but with countries such as China, Japan, Australia and New Zealand, to make it clear that we need collectively to work—potentially as a matter of great urgency—both on the humanitarian side, which is where I think the urgency will be needed, and on the diplomatic side, where we will have to be in it for the long haul. That is not being pessimistic; I am hopeful. I want things to work and I would love to see solutions sooner rather than later, but the hon. Gentleman makes the valid point for the whole House that this issue will, I suspect, be high profile for many years to come before there are the voluntary returns that we all want.

Sandy Martin (Ipswich) (Lab): I thank the Minister for his comprehensive statement. Some of my constituents in Ipswich have relatives who are resident in Bangladesh and are providing voluntary aid and support in the camps there. While working on the ground in the camps, they do not always see where the money is being spent. What communications can the Government make available to reassure people in this country that the British aid being given in the camps is used effectively so that they will have the reassurance they need to make further donations to help the Rohingya people?

Mark Field: I pay tribute to the hon. Gentleman's constituents. The great majority of Bangladeshi Britons come from the north-east of the country in Sylhet,

rather than the area around Cox's Bazar, although some are from near there. Although £59 million is a large sum in the context of international contributions, it does not take us very far when we are dealing with 600,000, 700,000 or 800,000 Rohingya. The message I ask the hon. Gentleman to take back to his constituents is that we are doing our absolute level best. We are working hard on the ground, but the sheer scale of what is required might give rise to a sense of hopelessness, and I ask the hon. Gentleman to implore his constituents not to turn away from this very real humanitarian calamity.

Mr Deputy Speaker (Sir Lindsay Hoyle): I call the ever-patient Nic Dakin.

Nic Dakin (Scunthorpe) (Lab): Thank you, Mr Deputy Speaker.

This humanitarian disaster shocks us all, but none are more affected than the Bangladeshi diaspora, as my hon. Friend the Member for Ipswich (Sandy Martin) pointed out. I welcome the fact that the Minister will meet Bangladesh's Foreign Secretary soon after this statement. As well as urging Bangladesh to organise and prepare as well as possible for the cyclone and monsoon season, will he offer whatever additional support the UK can give to help with those preparations not only in terms of assistance, but as part of our leadership role as UN penholder on this matter?

Mark Field: I know that you have been asking for brevity in my responses, Mr Deputy Speaker, and without in any way being disrespectful to the hon. Gentleman, I can give a brief response to his question: we are very happy to do that, and we will continue to do so. I very much hope that we can continue to make huge humanitarian contributions, which will require more money from both us and the international community in the months and years ahead.

European Affairs

[DAY 2]

Debate resumed (Order, 14 March).

Question again proposed,

That this House has considered European Affairs.

1.14 pm

The Financial Secretary to the Treasury (Mel Stride):

I am delighted to open the second day of this very important debate. At the outset I want to set out the status of our negotiations and reiterate this Government's vision for a future economic partnership with the EU. I will in particular focus on the important issue of financial services within any future trade agreement, and remind the House that we have been very clear that the decision to leave the EU does not mean some loveless divorce or division. There is indeed no need for this, given that the economies of the UK and the EU are inextricably connected, and given our long and shared history of common values and shared challenges, and I have no doubt that any future economic partnership must recognise and reflect these facts.

We stand at the threshold of a new beginning with our European partners, and a renewal of our commitment to ensure the continued prosperity and stability of both the UK and the EU. Before I turn to our future economic partnership with Europe, it is important to set out just how far we have come, and what awaits us as we progress our discussions.

The agreement in December was a significant step forward. The joint report issued by the UK and the EU set out progress on three areas: a fair deal on citizens' rights that enables families who have built their lives together in the EU and the UK to stay together; a financial settlement that honours the commitments we undertook as members of the EU, as we said we would; and an agreement in relation to Northern Ireland. We are confident that this collaborative spirit, which led to the December agreement, will endure as we take our approach forward into the next phase, including at the European Council next week.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): On this concept of a collaborative, open spirit, trying to find solutions and securing frictionless trade, the Minister will have seen today's Sky News report that the Government are insisting on non-disclosure agreements with a variety of industry groups, transport bodies, hauliers and others in trying to find their way through. Why are the Government insisting on gagging business organisations in that way?

Mel Stride: It is standard practice for the Government to use non-disclosure agreements, and delivering a seamless post-Brexit border is a top priority for us. Non-disclosure agreements with key delivery partners for the border are crucial to the open exchange of information and opinion on options and scenarios, and they ensure that all planning negotiations and decisions are based on what is achievable and most appropriate for the UK to ensure a safe and secure border.

In respect of our future trading relationship, draft EU negotiating guidelines have been circulated to the EU for comment, and we expect final guidelines to be formally adopted next week at the March European Council. We trust that these will provide the flexibility

to allow the EU to think creatively about our future relationship, and, looking ahead, we are confident that we will conclude a deal on the entire withdrawal agreement by the European Council in October. This confidence is not just grounded in our mutual interest of striking a deal, but also because we enter these negotiations from a point of striking similarity: our rules, regulations, and commitment to free trade and high standards are the same. So, as we build this new relationship, we are doing so from a common starting point.

The next milestone in the negotiations will be an agreement of an implementation period. We saw the implementation period prioritised in the Chancellor's Mansion House speech and the Prime Minister's Florence speech, alongside a frictionless customs arrangement and a comprehensive agreement on trade in goods and services. The implementation period is the essential first step to ensure that we can all experience an orderly exit from the EU, plan accordingly, and enjoy certainty during the transition.

John Redwood (Wokingham) (Con): How can we possibly agree an implementation period when at the moment we do not have anything to implement?

Mel Stride: While being ingenious in his use of language, my right hon. Friend will I am sure agree with me that the purpose of the implementation period is to make sure we have a period of certainty for business, so that when we end up with our final withdrawal agreement we only have one set of changes to make from where we are now to where we will be at that point. That is the purpose of the implementation period.

Anna Soubry (Broxtowe) (Con): I do not want to alarm you, Mr Deputy Speaker, but I completely agree with my right hon. Friend the Member for Wokingham (John Redwood), which may be a first in this sort of debate—[*Interruption.*] He is in a state of high shock. In all seriousness, this is an implementation period—the clue is in the name—but many of us fear that by October we will have achieved nothing more than a woolly set of heads of agreement and that there will be little to implement. How does the Minister see things panning out in reality?

Mel Stride: Whether it is a transition period, an implementation period or whatever period one seeks to term it, the important thing is to understand what the period is about, and we have always been clear about that. It is a period in which we will remain closely involved—similar to how we are at the moment—so that when we move into the post-transition or implementation period we have undergone just one set of changes and that we have certainty in the interim for British businesses, which is exactly what they have been telling us they would like.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I repeat these words:

"I propose that we aim for a trade agreement covering all sectors and with zero tariffs on goods. Like other free trade agreements, it should address services."

Those are the words used by President Tusk in introducing the guidelines, which seem to accept the principle that there should be a comprehensive free trade agreement between the United Kingdom and the EU.

Mel Stride: My hon. Friend makes an important point and, as I will say later in my speech, there is every reason to move towards a comprehensive free trade agreement covering not just goods, but services.

Vicky Ford (Chelmsford) (Con): Given that nearly half of our trade is with the EU and that 40% of that trade is in services, does the Minister agree that the level of services coverage in, for example, CETA is not deep enough or broad enough to recognise adequately the mutual trade between the UK and the EU in services?

Mel Stride: My hon. Friend raises an important point. We will be seeking a unique deal for our country that recognises the prime importance of financial services both to our country and to the European Union and of the provision of competitive finance to the EU's businesses and consumers. She mentioned CETA, and the relevant point there is that the negotiations, which were led by Michel Barnier, recognised the importance of attempting to include areas such as financial services, which is exactly what we will seek in the negotiations that will now follow.

We have the reassurance that the UK and the EU both issued a published text on the approach to the implementation period that reflects the significant common ground between us. The text would codify an implementation period that preserves the current status quo for business and consumers, is time-limited but also provides a sufficient window for the EU and UK to put new processes and systems in place, and ensures continuity in the application of international agreements. As a third country, the UK will have the ability to use the period to negotiate and sign new trade deals, while reflecting the fact that we cannot bring these agreements into legal effect until after the end of the period. We will also introduce a new registration scheme for EU citizens arriving post-Brexit but during the implementation period, when EU citizens should be able to continue to visit, live and work in the UK as they do now.

Peter Grant (Glenrothes) (SNP): The Minister has referred to the potential opportunities to negotiate new trade deals after we leave the European Union, and one of his colleagues has been keen to big up the prospect of the riches to be had from that. Can the Minister name any country in the world that has indicated it would be more likely to give a beneficial trade deal to the United Kingdom on our own than it would be to negotiate a deal with the world's biggest single internal market?

Mel Stride: What I can tell the hon. Gentleman is that a large number of trade missions have been led by the Department for International Trade and its Secretary of State. We have had extremely encouraging discussions with a large number of important potential future trading partners with whom we may be seeking free trade agreements. As I have said, we will be able to negotiate deals within the implementation period, although they will not come into effect until we are beyond that point.

Rachel Maclean (Redditch) (Con): Is the Minister aware of the article on the front page of *The Times* today, which says that Brussels has now agreed that Britain can sign free trade deals without the approval of

the European Union? Will he update the House on the status of the situation? What does it mean for our free trade policy?

Mel Stride: I believe that my hon. Friend is right. I certainly read that article this morning, and if what it says is the case, that would be good and sensible news, because it would be entirely logical that we should be in a position to go out and negotiate free trade agreements during any implementation period, although we respect the fact that the deals would not be switched on until we were beyond that point.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): As a part of the customs union, we have trade deals with 50-odd countries across the world, and I understand that they are worth some £140-odd billion per annum in UK trade exports. Will the priority during the implementation period be to renegotiate and sign deals with all those countries with which we currently have a trade deal? We know that some of them want to renegotiate the terms and want greater access to UK markets as a result. How many of those deals are we going to be able to renegotiate and sign before we actually leave the European Union?

Mel Stride: I reassure the hon. Gentleman that it is an absolute priority for the Government to ensure the consistency and continuity of the existing arrangements as they pertain between the European Union and other countries. I see no reason why we should not benefit from those arrangements, just as those countries will indeed benefit from arrangements with us as we go forward.

We have proposed practical solutions to help deliver a smooth departure from the EU. One such solution is the introduction of a joint committee to resolve issues or disputes that may arise during the implementation period. That approach is a common feature of international trade agreements. The joint committee would, for example, allow the UK to raise concerns regarding new laws that might be harmful to our national interest. We will also continue to discuss our involvement in relevant bodies as a third country during the period to ensure that EU rules and regulations continue to operate coherently.

It is in the interests of both the UK and EU to agree the precise terms of the implementation period as quickly as possible. We are close to delivering that, and we expect it to be formalised at the European Council meeting next week. The implementation period is key to forging the best possible future relationship, giving businesses and Government the time and certainty to plan for Brexit, and preparing the UK for its status as an independent trading nation. It will be a bridge from where we are now to where we want to be in the future—on exit, on day one, and beyond.

Looking further forward, it is crucial that talks progress so that we can agree the terms of our future relationship with the EU. We are now moving at pace to set the parameters of an economic partnership. As a Treasury Minister, I am particularly focused on how our economies will interact and grow together. As the Prime Minister said in her speech on 2 March, the UK is seeking the broadest and deepest possible agreement that covers more sectors and co-operates more fully than any other

[*Mel Stride*]

free trade agreement. A key component of any future agreement should be the inclusion of services, particularly financial services.

Jonathan Edwards: The Minister is being extremely generous in taking interventions. Taking him back to the implementation period and the negotiation of trade deals, will the priority be renegotiating the trade deals that we already have with all these third countries via the customs union or negotiating new trade deals with countries such as the United States and China?

Mel Stride: The hon. Gentleman will understand that both are an extremely high priority. We will be pursuing both avenues vigorously.

As my right hon. Friend the Chancellor made clear in his Canary Wharf speech last week, financial services is a sector that calls for close cross-border collaboration. The Chancellor also reiterated that it is simply not credible to suggest that a future deal could not include financial services. It is in the interests of both parties to ensure that the EU can continue to access and enjoy the significant benefits afforded by our financial services hub, because it is a regionally and globally significant asset, serving our continent and beyond, and near-impossible to replicate.

The UK can claim excellence in many areas, but in trade in financial services we are truly the global leader. We manage €1.5 trillion of assets on behalf of EU clients, and 60% of all EU capital markets activity is conducted here in the United Kingdom. Around two thirds of debt and equity capital raised by EU corporates is facilitated by banks right here in the UK. The huge economies of scale have led to London's dominant position in EU financial services. As the Chancellor made very clear last week, we should be under no illusions about the significant costs if this highly efficient shared market is fragmented—costs that will ultimately fall to consumers and companies right across Europe.

Robert Neill (Bromley and Chislehurst) (Con): My right hon. Friend is making a very important point. As the Chancellor set out, those costs are many billions of pounds. One example is the proposed relocation of clearing houses, with an effective cost of some £25 billion a year. Does my right hon. Friend agree in addition that it is critical to have continuity for the legal instruments that underpin financial services, and that continuity of access for legal services must therefore be inextricably linked?

Mel Stride: My hon. Friend raises an important point about the significance of financial services, not just to us but to our European partners. On his specific point about regulatory continuity, we are considering the detail of that at the moment. We will certainly look at the prospect of returning to the matter on Report of the relevant Bill.

The UK stands ready to engage on a future trade agreement—one that includes financial services. Our overarching vision is for an economic partnership—including a future trade agreement—that delivers the maximum possible benefits for both our economies in all sectors, respects the integrity of each other's institutions and seeks to strengthen, not weaken, the prosperity of

Europe as a whole. Despite that, some still question the possibility of reaching such an agreement or insist that a trade deal cannot include financial services. The Chancellor addressed those sceptics in his speech last week, when he said that

“every trade deal the EU has ever done has been unique”.

The existing models do not represent the best way forward; nor do they provide a useful precedent to form the basis of any future agreement. Joining the EEA would not give the UK enough control, and a CETA-style deal would present too low a level of market access. The EU and the UK come to the negotiating table from the unique position of having the same rules and regulations on day one, not to mention our deeply interconnected economies. Unlike when other countries negotiate free trade agreements, this is not about aligning two totally different systems. Any new trading agreement should reflect the starting point of deep and historic convergence. We understand that, over time, there will be points of inevitable divergence, so we recognise that any future agreement should set out a clear approach to that aspect.

Our country seeks the deepest and broadest agreement possible—a bold economic partnership that is of greater scope and ambition than any comparable arrangement in history. The ambition of our vision reflects the scale of our mutual interest, our shared history and all that we can achieve together as good friends and trusted neighbours. Leaving the European Union represents an opportunity to chart a prosperous future. Along with my colleagues in Government, I have the greatest faith in our country and in our ability to work with others to achieve a deal that provides and endures for us all.

1.33 pm

Paul Blomfield (Sheffield Central) (Lab): As we mark the halfway point of this general debate, it is worth reflecting on the fact that we have had a number of thoughtful contributions from Members on both sides of the House. Although I welcome any opportunity for Parliament to debate and, I hope, shape Brexit, no one is under any illusions about the fact that over these two days we are doing anything more than filling time to cover the Government's legislative paralysis. It is just over a year until we leave the European Union. We have a mammoth legislative task ahead of us, but the Government are holding back the Customs Bill and the trade Bill because they are, understandably, afraid of defeat. They have yet to present Bills on migration, fisheries and agriculture; perhaps they are worried about some of the hard truths in those areas.

The Prime Minister was right to say at Mansion House that we need to face hard truths, on the basis of evidence. Not only do I agree with the Prime Minister, but I agree with her former deputy, the right hon. Member for Ashford (Damian Green), who said:

“If analysis is being produced then publish it. And frankly there will be a big political debate about it. Let's have this argument in public—that's what democracies do.”

The country faces critical decisions that will define how we live and our place in the world for generations to come. Honesty, openness and hard truths are the very least that people deserve.

That is why the Opposition pressed for the publication of impact assessments and the Treasury analyses of the future of the economy under the different available

scenarios. Those analyses, which have now been published, make sobering reading. Ministers have said on several occasions—I think this was repeated yesterday—that the three options that the Treasury modelled do not reflect their desired outcome. But the Minister for Trade Policy, the right hon. Member for Chelsea and Fulham (Greg Hands), yesterday told the House that the Government were seeking an ambitious free trade agreement with the EU. I think that that was repeated this morning. The central model in the Treasury analysis was exactly such an agreement—it was described as the best possible free trade agreement—so it has been modelled. What did that model tell us? Over 15 years, such a free trade agreement with the EU would result in a 5% hit to the economy. That would mean 5% fewer jobs and 5% less money for public services. To paraphrase the right hon. Member for Broxtowe (Anna Soubry), this must be the first Government in history who are setting as their ambition reducing the size of the UK economy.

At Mansion House, the Prime Minister was honest about the fact that her plans would result in downgraded access to EU markets. What she did not make clear, and what her Cabinet has resisted making public, is just how damaging that version of Brexit would be to the economy. Initially—this feels like some time ago—we heard Ministers talk enthusiastically about their plans for an ambitious free trade agreement with the United States, which would compensate for the damage to our trade with the EU. But according to the Government's own analysis, even if they achieved that deal, it would boost GDP by just 0.2%. Let us be clear that that would be in return for dismantling our food health and safety standards, among other US demands. We could end up with nothing but a hard border in Ireland if we diverged from EU agricultural standards, and a US deal would require us to do so. If the ongoing negotiations on open skies are anything to go by, the special relationship will not count for much in the cold, hard light of trade negotiations.

It is fascinating to watch how even the more extreme Brexiteers suddenly decide, as the hard truth of the difficulties involved in a US trade deal dawn on them, that the US is not that important after all. On 4 March, we witnessed the spectacle of the hon. Member for Esher and Walton (Dominic Raab)—he was speaking as a Government Minister on Radio 5 Live—dismissing the importance of a US deal and saying that

“the real opportunities of the future will be with...emerging markets”.

US trade deals, the Northern Ireland peace agreement and Treasury economic analyses have all been casually brushed aside by those who long for the deepest rupture with the EU. But Labour will not do that.

Jonathan Edwards: In *The Times* today, the Government made a song and dance about this apparent concession by the European Union that the UK would be able to negotiate and sign trade deals during the transitional phase. Does the hon. Gentleman honestly believe that the British Government and the British civil service are going to be able to renegotiate 70-odd EU free trade agreements that we already have through the customs union, negotiate new trade deals with the US and emerging markets or whoever they may be with, and carry out the gigantic task of renegotiating the trade arrangement with the EU?

Paul Blomfield: The hon. Gentleman is right to talk about the difficulties that would be faced, and there was naivety on the part of the Government in assuming that these deals can just be rolled forward. This is one of the arguments behind our approach and our policies on the customs union. We want to face the hard truths that the Prime Minister talked about at Mansion House and it is why we believe, along with the CBI and the EEF, that a new customs union with the EU is best for manufacturing and for our economy, and it is the only way of resolving the Northern Ireland border.

John Redwood: Is it not crystal clear to anyone who reads the Labour manifesto that Labour set out its bold vision for an independent UK trade policy—I agreed with some, but not all, of it—but that that would have been completely incompatible with staying in a customs union? It is completely misleading to suggest that it is compatible.

Paul Blomfield: We could draw some interesting conclusions from the Conservative manifesto at the last election, but we all need to face facts and perhaps the Government need to change views in the cold light of those facts. I always find it interesting to take interventions from the right hon. Gentleman. I do not know whether he is still advising—

Sir William Cash (Stone) (Con) *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I think the Opposition spokesman is still dealing with the previous intervention, and he may in due course come to another intervention.

Paul Blomfield: Thank you, Madam Deputy Speaker. As I say, I always find it interesting when the right hon. Member for Wokingham (John Redwood) talks about the interests of the British economy. I do not know whether he is still advising readers, through the *Financial Times*, to get money out of the country.

John Redwood: As the hon. Gentleman well knows, I never did that, I made a clear statement to the House and he should apologise.

Paul Blomfield: Well, the right hon. Gentleman's comment in the column in the *Financial Times* on 3 November 2017, under the heading

“Time to look further afield as UK economy hits the brakes”, read:

“I sold out of the general share ETFs”—
exchange-traded funds—

“in the UK after their great performance for the year from early July 2016 when I saw the last Budget and heard the BoE's credit warnings. The money could be better put to work in places where the authorities are allowing credit to expand a bit, to permit faster growth.”

So I am completely accurate in my quote.

John Redwood: The hon. Gentleman should look at the whole portfolio, which still had massively more in the UK than in the general global representation, and this was nothing to do with Brexit.

Paul Blomfield: I was simply questioning the right hon. Gentleman's commitment to the economy, and he will note the headline—

Madam Deputy Speaker: Order. The hon. Gentleman, and all hon. Members, can question other Members' political attitudes and what they say in this House. What we cannot have is one Member suggesting that another Member has said something, in writing or otherwise, which he says he did not say. *[Interruption.]* The hon. Member for Greenwich and Woolwich (Matthew Pennycook) will not question what I am saying. Mr Blomfield might like to consider just closing this down with a withdrawal of his remark about Mr Redwood.

Paul Blomfield: I thank you for that clarification, Madam Deputy Speaker. I apologise for any offence, but I was simply quoting from the *Financial Times* column by the right hon. Gentleman, which said:

"Time to look further afield as UK economy hits the brakes".

Anna Soubry: I hope we can return to the subject we are meant to be debating today. The hon. Gentleman talks about manifestos, and of course his party failed to get elected on its one. Is he familiar with the Conservative manifesto, which some may say we have drifted away from to some considerable extent? It made it clear that the Government's policy, should they be re-elected to govern our country, was that we would seek a customs arrangement.

Paul Blomfield: I was aware of that manifesto, and the right hon. Lady is right in what she says. I also reflect that the manifesto and the narrative surrounding it sought an overwhelming mandate for a hard Brexit, which the British people failed to give to the Conservative party.

Let me move on to explain why we believe a comprehensive customs union with the EU that replicates the current arrangements also does not weaken our opportunity to develop trade with the rest of the world—certainly not in services. As Germany has shown, we do not need trade deals to develop trade, for example, with China. As the International Trade Secretary acknowledged when he was there with the Prime Minister in February, membership of a customs union will not hold back bilateral trade. Where deals can be done, we think membership of a customs union gives us a stronger hand in trade negotiations, as part of a market of 650 million people, rather than just one of 65 million people, and in maintaining strong EU standards.

Members of this place and the Government must be honest about the fact that any trade agreement—

Vicky Ford: I am listening carefully to the hon. Gentleman and I understand that he is asking to have a customs union with the EU. I listened to the Leader of the Opposition's speech less than three weeks ago, where he also asked for an exemption on state aid and competition law. Does the hon. Gentleman agree that no country has a customs union with the EU and also has an exemption on state aid and competition law—even Turkey has to apply all EU treaties in this regard?

Paul Blomfield: I recognise that the hon. Lady has enormous experience as a former MEP, but she did ask that question yesterday and my hon. Friend the Member for Greenwich and Woolwich (Matthew Pennycook)

replied. I think she is confusing a customs union with a single market requirement—*[Interruption.]* Let me answer the point in any case. The Leader of the Opposition did raise a concern that we would want assurances on competition policy, but we are absolutely confident that those assurances would be very easy to get and would not be problematic. As I believe was pointed out yesterday, the Leader of the Opposition said on the Peston show in January that we are absolutely confident that nothing in our manifesto would be thwarted by state aid rules.

Vicky Ford: I ask the hon. Gentleman to withdraw his accusation that I am somehow confused. It is very clear in reading Turkey's customs union arrangements that it has to comply with all EU treaty rules on state aid and EU law on competition.

Paul Blomfield: I thank the hon. Lady for that clarification, but we are not seeking a customs union comparable with Turkey's. We are seeking a comprehensive customs union which replicates the current arrangements that we enjoy with the EU.

Let us move on to another area. We need to be honest about the central issue on which many of those who campaigned to leave focused their campaign and which influenced the votes of many—immigration. Taking back control of our borders was a powerful promise, creating expectations that the Government really have no plan or intention to deliver. The Government have had control of non-EEA immigration for the past eight years and in every one of those years it was greater than EEA migration.

The Government know that things will not be changing significantly. Two weeks ago, that ardent Brexiteer, the Secretary of State for Environment, Food and Rural Affairs, told the National Farmers Union that

"agriculture needs access to foreign workers."

He promised to maintain that access, for both seasonal and permanent workers. He was echoing the Secretary of State for Exiting the European Union, who said in Estonia last year that it will take "years and years" for British citizens to fill the employment gaps, and that in the meantime Estonians would be welcome to come to work in the UK. At Mansion House, the Prime Minister talked about a future labour mobility scheme with the EU.

The difficulties of squaring the expectations unleashed by the leave campaign with the interests of the economy are no doubt the reason why the Government have delayed the immigration White Paper, yet again, and do not look set to have a new system in place by the time we depart in March 2019.

Peter Grant: When the hon. Gentleman referred to the numbers of non-EEA migrants, I was a bit concerned that he almost sounded as if he was sympathetic towards the Government's obsession with treating immigration as a number that should be brought down rather than as something that benefits our nations economically and socially. Will he comment on the speech made by the Leader of the Opposition at the Scottish Labour party conference in Dundee last weekend, in which he referred to the EU as something that allowed low-paid workers to be brought into the UK, thereby driving down wages? Does the hon. Gentleman agree with a

growing number of Labour Back Benchers that the Leader of the Opposition was wrong to say that and should apologise?

Paul Blomfield: We have always been clear—as indeed, have the Government—about the benefits of migration. That was not what the Leader of the Opposition said in Scotland. There is no evidence that migration drives down wages. There is an issue, which Labour would tackle—it has been in our manifesto for the past couple of elections—on the exploitation of European workers, and those from other countries, in the UK. We need tougher labour-market rules and enforcement to tackle those issues.

The Prime Minister was right to say in Munich and at Mansion House that she was ready to cross her red lines on the European Court of Justice in relation to security, because of the importance of security to this country. She is clearly right: security is vital. I think she was influenced by the fact that, as a former Home Secretary, she had an intimate understanding of the issues and recognised the consequences of failing to reach an accommodation. If security is vital to this country, as it is, is not the economy, too?

The Prime Minister was right to talk about hard truths, because the British people, whether they voted leave or remain, will not thank politicians who deliver a damaging Brexit on the basis of a false prospectus. The former Prime Minister John Major was right, too, when he said that it is right not only to speak truth to power, but to speak truth to the people. Let us face up to the hard facts: there will be no Brexit dividend for public services, as the Chancellor confirmed again on Tuesday; there will be no significant change to migration; there are no real red lines on the European Court of Justice; and there will be huge damage to the economy, according to the Government's own analysis.

It does not have to be like that. If the Prime Minister had said, "This country voted to leave the European Union, but it was a close vote. It was a mandate to go, but not a mandate for a deep rupture", and if she had said, "We will leave, but stay close: in a customs union, as close as possible to the single market, a member of the agencies and partnerships that we have built together over 44 years", she would have had the overwhelming support of this House. Instead, she has let a tiny band of extreme Brexiteers in the European Research Group set the agenda. It is not too late: she could reach out to the majority of the House and the majority of the country to adopt a sensible approach—to adopt Labour's approach—and I hope that she will.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. There is plenty of time for debate this afternoon. I hope that we can manage the debate without a formal time limit, because that will allow natural debate to occur without restriction. That will work if Members speak for approximately 10 minutes each. If anybody speaks for much longer than that, we will have to have a time limit.

1.54 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): I shall proceed as quickly as possible. The hon. Member for Sheffield Central (Paul Blomfield) rather marred his

speech by playing the man and not the ball. It is much better if we deal with the arguments, instead of imputing motives or sentiments that were at that very moment being disowned by my right hon. Friend the Member for Wokingham (John Redwood). That was rather unfortunate.

I wish to point out that the agenda is not being set by a small group of MPs; it is being set by the British people—more than 52% of the electorate. Those who argue against leaving the customs union or for staying in the single market are arguing against the right of the British people to take control of their own affairs. Let us make no bones about this: the Labour party has now adopted a position in favour of some kind of weaselly half-Brexit, which is not what the British people voted for. The Prime Minister said that she does not recognise any distinction between hard or soft Brexit; there is leaving the European Union or somehow staying in, which seems to be the position the Labour party has now adopted.

Let me set out two contexts. First, many who supported remain seem to believe that people who voted leave in the referendum were voting to turn their back on the world. They claim that the UK's decision was driven by isolationist and xenophobic undercurrents and see the leave vote as representing intolerance, prejudice and a call for protectionism. Vote Leave did not campaign for that. We deliberately left the Vote Leave website up—Members can take a look if they like. Vote Leave did not argue for isolation, intolerance or economic protectionism. Those may be the views of a vociferous minority, but the Ashcroft polling that was undertaken at the time of the referendum found that for nearly half of leave voters, the biggest single reason for wanting to vote leave was

"the principle that decisions about the UK should be taken in the UK".

Lest we forget, that is the first context. The debate was about taking back control—about democratic self-government and our country's right to make its own laws, to decide its own taxation and spending and to choose how it engages with other countries on matters such as trade, foreign affairs and defence. It was about leaving a bloc that is not only in relative economic decline but increasingly in a state of economic and political crisis.

Sir William Cash: I very much agree with my hon. Friend. Had the speeches by Mr Juncker and President Macron about moving towards a more integrated Europe—a sovereign Europe, as President Macron says—been put to the British people before the referendum, we would have had a proportion of the vote vastly greater than 52%.

Mr Jenkin: I was going to make that point later in my speech, but shall no longer do so, for the sake of brevity.

The EU undermines democracy, prosperity and international co-operation. It is plagued by high unemployment, high debts, an ageing population that is much too dependent on state welfare, a dysfunctional euro, unaccountable political institutions and a democratic crisis. It puts up barriers to the combination of world-class universities, technological innovation and venture capital that is fundamental to the technological innovation on which the future of our economy depends.

[Mr Jenkin]

Since the referendum, we have seen the landmark statements to which the Chairman of the European Scrutiny Committee, my hon. Friend the Member for Stone (Sir William Cash), referred. In fact, Martin Schulz, the former President of the European Parliament, wants a full united states of Europe by 2025. The formation of the euro, which was always a political project, transformed the EU, making full integration an imperative to try to prevent the eurozone from breaking up. In the end, the euro will fail anyway, because there is no political consent for the scale of fiscal transfers necessary to compensate for the huge internal trade imbalances.

The second context is economic. Shortly before the referendum, the Treasury forecast that a leave vote would inflict an economic shock on the UK, leading to reduced trade and foreign direct investment, recession, and the loss of 500,000 jobs. I am sorry to disappoint the hon. Member for Sheffield Central, but the Treasury's analysis has proved to be manifestly wrong. It also ignored the long-term future of global trade and economic growth. Between 2016 and 2017, UK GDP increased by 1.7%, and economic growth continues to surpass expectations. Tax receipts are higher than expected, and the UK is running a current budget surplus for the first time since the year leading up to July 2002—long before the crash, and two years earlier than anticipated just last year. UK unemployment has continued to fall from 8.5% in late 2011 to 4.4% in late 2017, and the unemployment rate was recently at its lowest point since 1975.

Although some businesses are moving parts of their operations to other EU countries, the number of jobs being moved is significantly lower than expected. Foreign direct investment has continued to grow and, since the referendum vote, there has been a string of major inward investment decisions. In fact, the year of the referendum, 2016, turned out to be another record year for inward investment. We have seen Wells Fargo committing to a new £300 million London headquarters and Nissan announcing its new Qashqai and X-Trail models to be built in Sunderland, making Sunderland a super plant of 600,000 vehicles a year. In December 2017, GlaxoSmithKline revealed its plans to invest £40 million in the UK's life sciences sector. At the beginning of this month, Siemens committed to building a £200 million train manufacturing plant in the UK if it wins orders for new rolling stock, and, just last week, Toyota announced that it will build the next generation of its Auris hatchback at its Burnaston plant in Derbyshire, including a £240 million upgrade of the plant.

That is not a matter for gloating or complacency, but it shows that inward investment is not dependent on membership of the EU. What about the longer-term prospects for trade and economic growth? In recent years, UK trade has shown a well-established trend, as the proportion of UK exports sent to the EU has been declining. It peaked at 54% of UK exports in 2006. By 2016, that had fallen to 43%. That decline in the importance of our EU trade has set in despite the UK being in the EU, in a customs union and in the single market. Conversely, over the same period, the non-EU share of UK exports has increased. For example, China's share of UK exports grew from 1.6% in 2006, worth a mere £5.4 billion, to 3.3%, worth £16.8 billion, in 2016.

Trade has also grown significantly with the Commonwealth. UK exports to Commonwealth countries have increased from 8.8% of our exports, worth £21.5 billion, in 1999 to 8.9%, worth £48.5 billion, in 2016. The Commonwealth is a fast-growing market, reflecting much of our language, values and administrative and constitutional heritage, and therefore has great potential for the UK.

The EU is still the UK's largest trading partner if taken as a bloc, but if we consider individual countries, the UK's largest trading partner is the United States of America. It seems to have passed the hon. Member for Sheffield Central by that, while the UK has had a trade deficit with the EU every year since 1999—worth £82 billion in 2016—we achieved a £39 billion trade surplus with non-EU countries in 2016. Outside the EU and the customs union, the UK will be able to develop new trading relationships with many of these countries, but not under his party's policy. Some of these opportunities, including the possibility of joining the Trans-Pacific Partnership and the strong prospects of a comprehensive free trade agreement with the US, including financial services, more than match the potential of our existing relationships with the EU.

The 11 TPP countries have a population of almost 500 million people and represent more than \$10 trillion in economic output, which is 13.5% of the global total. The Commonwealth has a population of 2.3 billion people. A comprehensive trade deal with the US, which includes services, would give UK firms better access to its population of more than 320 million and to the world's largest single economy. With the UK accounting for 7% of world service exports and the USA 15%, they would together account for over a fifth of the global total—a market of huge significance.

Outside the EU, the UK will also be better placed to develop trading opportunities with countries in Asia and Africa, where the most rapid growth is expected to occur in the future. When concluding free trade agreements, we can set our own negotiating priorities that best match our economic interests. The EU has historically represented the UK's interests poorly not just because it is incredibly slow, but because, inevitably, the EU cannot prioritise UK trading interests such as access for services, which is, of course, of prime importance to our economy. EU negotiators have to take account of 28 states' interests, which can be very different from our own, and to reflect the protectionist priorities of producer interests, such as the Italian shoe industry, French agriculture and the German chemicals manufacturers.

Vicky Ford: I am very much enjoying listening to my hon. Friend's speech and hearing him talk about opportunities for trade outside the EU, but, bearing in mind that nearly half our trade is with the EU, that 40% of that is in services, and that services growth has been increasing year on year, does he not agree that we should try to do both? The EU economy is growing at the moment. We can grow our trade with the EU and with other parts of the world if we strike an amicable trading relationship with the EU as we leave.

Mr Jenkin: I could not agree more with my hon. Friend. We are on exactly the same page, and we can both support the Prime Minister's negotiating objectives on that basis.

Returning to the UK the power to negotiate and sign trade deals will not only speed up trade negotiation for the UK, but enable the Government to negotiate in the UK national interest. The hon. Member for Glenrothes (Peter Grant) asked which countries we were talking about. The Department for International Trade is pursuing opportunities in countries around the world, and Australia and Brazil, to name just two, have already expressed an interest in concluding free trade agreements with the UK.

Peter Grant: I am grateful to the hon. Gentleman for giving way on that point. As a matter of accuracy, may I point out to him that I asked not what countries we hoped to do deals with, but for one country that has said that it will give the United Kingdom a better deal than it would give us as part of the European Union? To date, I have not received a single answer to that question. If he can tell us now of one country that has said that it will give an isolated Britain on its own a better trade deal than a Britain that is part of the European Union, I am quite sure that his colleagues in the Department for International Trade would be delighted to speak to him.

Mr Jenkin: I think the hon. Gentleman is somewhat playing with words, because nobody will say what kind of deal they will give us until we are actually in the negotiations and making progress. He is asking a question to which he well knows the answer for his own political reasons.

In relation to our trade with the EU, the Prime Minister in her recent speech called for trade at the UK-EU border to be as frictionless as possible. The EU has agreed, as I mentioned earlier, that tariffs and quotas should be avoided and, in the draft negotiating guidelines published earlier this month, it also agreed to the principle of an EU-UK trade deal. Perhaps that is the answer to the hon. Gentleman's question. There should also be mutual recognition of products and standards, which is no more than the kind of standard agreement that the UK has with many other countries with which it does not have a free trade agreement—incidentally, I think that that is what is meant by a customs arrangement. It means goods need approval in only one country to meet the required regulatory standards in other countries in normal circumstances.

Although we recognise that certain aspects of trade in services are intrinsically linked to the single market, we should note that services trade has nothing whatsoever to do with being in or out of a customs union, because tariffs are not charged on services. The Prime Minister is right to insist that barriers should be introduced only where absolutely necessary. There is no reason for the EU to prevent UK firms from setting up in the EU as we will continue to allow EU firms to set up here. We should agree on an appropriate labour mobility framework and on the recognition of qualifications to provide for the mobility of skilled labour. The Prime Minister also called for the UK and EU economies to remain closely linked in areas including energy, transport, digital, law, and science and innovation. That is perfectly achievable if there is good will on both sides.

The UK is committed to remaining a close friend and neighbour of the EU, and the Prime Minister has made that perfectly clear with a comprehensive economic partnership.

Trade is, of course, of great importance to the economy. In the UK, about 28% of what we produce is sold abroad, and this business activity supports millions of jobs. We also import much of what we consume, and trade allows consumers to access a wider variety of goods, at competitive prices, but the volume of trade is only marginally affected by agreements between countries. Neither the EU nor the UK has a trade agreement with the US, but the US is nevertheless our largest trading partner.

When discussing trade, we must remember that trade agreements are only one factor upon which our economic future depends. How we educate our people, how we regulate our economy, the flexibility of our labour market, and investment in infrastructure, science and technology are far more important to our prosperity than trade agreements. Domestic Government policies have a much bigger impact on economic performance than whether the UK is inside or outside a customs union with the EU. As the hon. Member for Sheffield Central himself pointed out, Germany exports to the rest of the world from within the EU, but with many countries, it does not even have a trade agreement, let alone a customs union agreement.

Let us get all this in proportion. It is far more significant that the UK's departure from the EU will give us greater flexibility, more responsibility, more accountability and more control over how we manage our economy as we regain: the ability to set our own tariff schedules; the ability to set our own regulatory standards and decide how they should be applied; the unencumbered freedom to set VAT rates; the freedom to relax restrictions placed on UK public procurement; and policy flexibility over things like fishing and farming.

Vicky Ford: I think that my hon. Friend just said that he did not think that there was value in having trade agreements with other third countries. I would like to clarify that, for example, our trade with South Korea has more than doubled—increased by 100%, as the Foreign Secretary said—since the signing of a trade agreement between South Korea and the EU, of which we are a party.

Mr Jenkin: I am not discounting the value of free trade agreements. I am asking that we dispose of some prevalent misconceptions that our prosperity depends only on free trade agreements and being part of the customs union. It is actually relatively at the margins of the overall prosperity of our economy.

It is not necessary to be a very large country or part of a large trade bloc in order to be prosperous. Many very small states export a far higher proportion of their GDP across customs frontiers. For example, Switzerland's exports are worth 66% of its GDP, and South Korea's are worth 42%—far higher than the UK's. Neither of these countries are in any kind of customs union, so they achieve this across traditional customs frontiers and their people have very high living standards. In fact, the EU is Switzerland's main trading partner, and it is not even a member. Other small trading countries include Singapore, whose exports are actually far bigger, at 172% of GDP, and Hong Kong, whose exports are 187%, because it imports and exports such large volumes. But neither is part of a customs union or of any kind of single market; they just get on with it.

[Mr Jenkin]

Control over our own laws offers far greater opportunities to develop our economy and export than the removal of customs checks when trading with other countries. The cost of customs processes is low and declining in comparison with other costs, such as anti-competitive regulation, behind-the-border barriers to trade and the reduction of tariff barriers. South Korea had substantial tariff barriers before the free trade agreement. We gain the opportunity to focus on those matters in trade negotiations, alongside investment in science and tech, educating our people, and ensuring flexible labour markets and a competitive tax regime. So much of the debate about leaving the EU lacks this perspective.

Even so, our future opportunities outside the EU are important. Even the European Commission expects 90% of global economic growth over the next 10 to 15 years to be generated outside Europe. The UK can flourish outside the EU, perhaps not with a Corbyn Government—that might be a bit of a problem—but certainly with a sensible Conservative Government. The only question is whether we all work hard to embrace these opportunities or continue trying to hide from them. Outside the EU, instead of pretending that we can insulate ourselves from a rapidly changing world and from the effects of technological and societal change, with a failing model of regulation and centralised power—without all that—we will have the freedom and flexibility to respond, adapt, survive and prosper.

2.14 pm

Peter Grant (Glenrothes) (SNP): I am grateful for the opportunity to contribute to this debate, although I note with sadness that, having set aside two days to debate European affairs, in reality we are all talking about the same European affair. This place has become consumed with Brexit to the extent that other vital matters in the continent of Europe that we would normally have found the time to debate at length are now hardly even mentioned in this place.

Where is the Chamber debate on the persecution of journalists and dissidents in Turkey? Where is the debate on the crackdown of almost neo-fascist proportions in Catalonia, where academics are now being ordered to hand over anything that they might have written in support of constitutional change and civilians are threatened with arrest for the crime of wearing a yellow scarf? Where is the debate on the worryingly regressive steps being taken in Hungary and Poland, so much so that an Irish court this week refused an extradition request to Poland because Ireland can no longer trust the Polish judicial system to give people a fair trial? Where is the debate on the instability that may engulf the Government of Slovakia—a country that was previously a frontier land for the iron curtain and that is now becoming something of a buffer zone between western Europe and the more worrying developments further east?

Had it not been for the appalling incident in Salisbury, it is unlikely that we would even have found time to debate the growing and brutal expansionism of Russia—whether its illegal actions in Ukraine, its equally illegal and covert actions in parts of Georgia or its increasingly threatening behaviour towards the Baltic states. None of these issues is getting anything like the attention in this place that they are entitled to. None is getting the

attention that it would have had, had it not been for Brexit taking up so much of everybody's time and an increasing proportion of the civil service budget in every Department in Whitehall.

I have only listed the European affairs business that we are not talking about. As a number of Labour Members mentioned during business questions today, a whole host of pressing and urgent social issues in these islands are not being debated or talked about. There is inadequate parliamentary scrutiny, and there is inadequate or non-existent legislation to address these problems because everything has been sacrificed on the altar of Brexit. It might not be so bad if, by sacrificing everything to talk about Brexit, there were some signs that we were getting it right. But all the signs are that, having started off getting it wrong by calling the wrong referendum at the wrong time in the wrong circumstances and on the wrong date, things have gone from bad to worse. The catalogue of disastrous misjudgments from the Prime Minister and her predecessor would be hilarious if the consequences were not so disastrous for us economically and, perhaps more importantly, socially.

The referendum was promised to heal divisions within the Conservative party. That has worked well, hasn't it? The date of the referendum was set because the then Prime Minister was worried that it would have been engulfed by further controversy if there was another summer of refugee disasters in the Mediterranean. It was also deliberately designed to cut across local and national election campaigns in many parts of the United Kingdom. With indecent haste after the referendum and after the Conservative leadership non-contest, the Prime Minister unilaterally—without consultation, as far as I could see—announced the red lines of leaving the customs union and leaving the single market. Those are two lines with which the Prime Minister has painted herself into a corner, and she now wants to blame the Europeans for being unwilling to knock down the walls to get her out of that corner.

John Redwood: The hon. Gentleman made a very good point that there are lots of interesting European issues that are not to do with Brexit. We have a general debate on European affairs, so why does he not talk about them?

Peter Grant: I have raised them all. If it were possible for me to speak quickly enough to debunk even half the nonsense on Brexit that we get from Government Members, I might be able to speak about some of the other issues. The record will show that the Scottish National party has made a number of attempts to raise these issues including, for example, the situation in Catalonia, but we have been pushed back by Her Majesty's Government at every opportunity.

Having made bad worse by inserting red lines on the customs union and on the single market, the Prime Minister decided to waste three months of negotiating time and six months of parliamentary scrutiny time by having an election to guarantee a three-figure Conservative majority, so that everything else could just be steamrollered through without opposition. That worked even better than the referendum that the Government had to bring the Conservative party together.

As I said, this would be funny if the consequences for 60 million people on these islands, and potentially for several hundred million people in other parts of Europe,

were not so grave. They are so grave that the Government still do everything in their power to prevent us and the people we represent from knowing just how bad their own analysis shows that the situation will become. Before the most recent Brexit papers had been fully published, one of the reasons we were told not to be too worried about them was that they only talked about the direct impact of different Brexit scenarios and did not take account of the massive benefit of all the new trade deals we were going to get. Supposedly, everybody would be falling over one another to trade with us after Brexit.

As the hon. Member for Sheffield Central (Paul Blomfield) pointed out, the Government's analysis indicates that maybe we can increase GDP by as much as 0.75% because of those deals. We could be looking at a Brexit deficit of between 7% and 9% of GDP, depending on just how hard the hard Brexiteers are able to push Brexit. A 0.75% mitigation of that will not do an awful lot of good in the communities that will be devastated by this downturn in our economy.

Bob Stewart (Beckenham) (Con): May I ask the hon. Gentleman where he got those figures from?

Peter Grant: I got them from Her Majesty's Government. If the hon. Gentleman wants to tell me that we should never believe anything that Her Majesty's Government's civil servants tell us, that is a debate in itself. Those were the figures that were released, with significant protest, by Her Majesty's Government to the Brexit Committee. I highly recommend the document to him.

Having had the analysis done at significant expense, those who instructed it to be carried out now seem to want to downplay it—to discredit it. I am pleased that we are no longer hearing, certainly from Ministers, any suggestion that there was anything incompetent, unprofessional or negligent in the performance of those who produced the figures. Of course, those who think that the Treasury's figures are wildly too pessimistic have had the opportunity to produce their own. We might even find somebody who produces figures that give the lie not only to the Treasury but to the Scottish Government and to any number of other professional bodies. Those bodies do not always agree on the exact figures, but few, if any, are producing a scenario that looks anything other than deeply, deeply damaging for our economy and for the social cohesion of our four nations.

During the Minister's speech, he took an intervention from one of his colleagues about an article in *The Times*. Interestingly, his answer seemed to suggest that it was only when they read it in *The Times* that the Government knew that there had been some softening of the attitude in Brussels towards our ability to negotiate trade deals. Perhaps the Minister could clarify that when he winds up. Would it not be typical of the shambolic nature of the Government in conducting these negotiations if they were getting their information from the front pages of Rupert Murdoch's newspapers rather than from direct face-to-face contact with our European friends and allies?

When the Government were asked to name a single country that is saying that it would give us a better trade deal out of the EU than within the EU, yet again not a single country was named that is willing to do so. There

is a lot of ambitious and grand talk of all the countries that want to trade with us—a wish list, a pie-in-the-sky list. There is, as yet, absolutely no reason to believe that any of these countries will give us a better deal than we could get by staying exactly where we are. We need to remember that what the Government ask for ain't necessarily what they are going to get, because there are 27 other Governments over there who are just as determined and just as entitled to look after the interests of the people they represent.

The hon. Member for Harwich and North Essex (Mr Jenkin) used the tired old argument that we have a trade deficit with the EU and a trade surplus with the rest of the world, and we should therefore concentrate on the rest of the world. I leave aside the fact that some of us do manage to have a trade surplus with the European Union. The logical consequence of that argument is that, if the rest of the world has a huge trade deficit with us, why in the name of goodness would they want to continue trading with us? It is not because Europe is bad at industry and manufacturing that it has a trade surplus with us—it is because it is better at it than we are. The cradle of the industrial revolution has allowed others to overtake us in investment and reinvestment and improving manufacturing efficiency.

Mr Jenkin *rose*—

Peter Grant: I will give way in a moment.

That is why the Germans can manage to have a trade surplus when we cannot. It is not because they are cheating or because the rules are loaded in their favour; it is because they use more of the profits of their industry to invest in it rather than hiving them off to some kind of offshore tax haven where they are never seen again.

Mr Jenkin: I am glad that the hon. Gentleman had the opportunity to add his rather more socialist point. The problem with the regulatory regime in the European Union is that the whole system is not geared towards our interests and our economy, not least because Germany enjoys a very artificially depressed currency. The Germans have by far the biggest trade surplus as a consequence, and their currency never appreciates because they are in the euro. That has cemented in a completely unfair disadvantage, institutionalised by the European Union.

Peter Grant: So modern industrialised nations that are in the euro do better than those that are not in the euro. That is an interesting argument for the hon. Gentleman to make. I am not saying that I would necessarily agree with its inevitable conclusion, but he does seem to be tying himself in knots very effectively.

I must come back to the comment with which I challenged the Labour spokesperson, because it is very important. When we are talking about the rights of citizens, whether they have lived here their entire lives, come here from other countries, or gone from here to other countries, we should be absolutely uncompromising in celebrating immigration as a good thing. Yes, it sometimes means that bad people come here, but thousands, millions, tens of millions of times more often it means that good people can come here and that our people can go to other places. The exchange of ideas, for example,

[Peter Grant]

is something that we cannot put a price on. As well as talking about free movement of people, I want us to be talking about free movement of ideas, because that is what is at stake more than anything else.

To suggest that immigration is responsible for the low-paid, insecure jobs on these islands lets the Government off the hook. Last week, the Leader of the Opposition told an audience—not a very big audience, admittedly—in Dundee:

“We cannot be held back—inside or outside the EU—from ...preventing employers being able to import cheap agency labour, to undercut existing pay and conditions in the name of free market orthodoxy.”

I am disappointed that Labour Front Benchers have not apologised for that and invited their leader to withdraw, as a lot of their Back Benchers have. It is not the European Union that is responsible for low pay on these islands; it is successive Governments who eventually introduced a minimum wage but left us with one that is still not enough for people to live on. It is not the European Union that allows employers and agencies to exploit vulnerable, desperate workers; it is domestic legislation. Coming out of the protection of EU employment law is not going to make it easier for vulnerable employees to speak up for themselves. The gig economy—the low-pay economy—is not going to improve by our coming out of the European Union. Indeed, I worry that it will get significantly worse. If anybody thinks that the Conservatives want to come out of EU employment legislation to improve workers’ rights, they really need to look back at the past 100 years of employment law history on these islands.

As I said, it is unfortunate that Brexit has become an all-consuming obsession for the Government, and now for this Parliament, but it is inevitable, because if we get it wrong, as the Government seem determined to do, generation after generation will be paying the price socially and economically. We discovered that we have moved on from the previous Government policy—that the EU can “go whistle” for any payment—to talking about payment for part of the deal of about £37 billion, which we will still be paying if and when I am 104 years old. Possibly some right hon. and hon. Members here will not be around to see that. That is how long it will take simply to pay for a bad deal.

I have hardly even mentioned the potential catastrophe in Ireland. I am deeply concerned that Ministers still seem quite taken with the “Smart Border 2.0” proposal that was published a few weeks ago. “Smart Border 2.0” explicitly says that it relies on automatic barriers, infrastructure, surveillance cameras and staffed checkpoints at the border of Northern Ireland and the Republic of Ireland. If the Minister says nothing else in summing up, I hope he will say clearly—and in such a way that none of his Back Benchers can try again—that the “Smart Border 2.0” proposals are so inconsistent with the Government’s commitments and so incompatible with the Northern Ireland peace process and the Good Friday agreement that, although an interesting idea, they will go no further, that the Government will take them no further and certainly that the EU will take them no further when it is listening to the Government of the Republic of Ireland.

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend makes a good point about the practicalities of the Northern Irish border. Does he agree that the practicalities for the many people whose properties straddle the border are not being addressed at all in this argument?

Peter Grant: Absolutely. It was so long ago that neither the Brexit Secretary nor the Foreign Secretary can remember the last time they visited the Irish border. That is a failing that both of them have to put right quite soon. I did not understand just how important a non-border was until I went there with the Brexit Committee and we could not find the border between two sovereign states. That is what borders should be these days. They should not be easy to see on a map or physical barriers; they should be physical routes for the exchange of people and, as I mentioned, ideas.

To date, nobody has put forward a proposal that allows the Government’s red lines of leaving the customs union and single market to be compatible with the other red line of honouring the spirit and the letter of the Northern Ireland Good Friday agreement. That irreconcilability cannot be allowed to continue. If the Government cannot come up with their own very clear and detailed proposals within the next few weeks to reconcile those irreconcilable red lines, the red lines of leaving the customs union and single market will have to go, because the red line of continuing the peace process in Ireland cannot be sacrificed in any circumstances. I appeal to the Minister to give assurances that no proposal involving staffed checkpoints on the Irish border will be given any credibility or consideration in these negotiations.

2.31 pm

John Redwood (Wokingham) (Con): My business interests are declared in the Register of Members’ Financial Interests, but I do not plan to talk about them today.

Before the referendum, I made a speech in the House saying that we had become a puppet Parliament. All too often, regulations came from the EU that we could do nothing about, because they acted directly. In many other cases, even if we had been outvoted or were not happy about a proposition, a directive instructed the House to put through massive and complex legislation whether it wished to or not. We had a situation in which the Front Benchers of the main parties, alternating in government as they tended to do, went along with this. The convention was that the Opposition did not really oppose, because they knew that Parliament was powerless and that the decision had been made elsewhere, whether the British people liked it or not. That even extended to tax matters, such as a number of VAT issues, including areas where we cannot change VAT as we would like, and to corporation tax issues, which included occasions when we thought that we had levied money on companies fairly, but the EU decided otherwise and made us give it back.

Many British people shared my concern, and that was why we all went out together and voted in large numbers to take back control. The British people wanted to trust their British Parliament again. Of course they will find times when they dislike the Government, individual MPs and whole parties, but they can live with that, because they can get rid of us. They know that come the

election, if we cease to please, they can throw one group out and put in place a group who will carry out their wishes. They said very clearly to our Parliament in that referendum, “Take back control; do your job.”

A recent example is that of Her Majesty’s Government presenting a very long and complex piece of legislation to completely transform our data protection legislation. Because it was based entirely on new EU proposals, it went through without any formal opposition. The Opposition obeyed the convention and did not vote against it or try very hard to criticise it. I am sure that if the proposal had been invented in Whitehall and promoted actively by UK Ministers, the Opposition would have done their job, found things to disagree with and made proposals for improvement. We will have this “puppet Parliament” effect all the time that we are under control from Brussels.

Jonathan Edwards: Given the scenario that the right hon. Gentleman is putting forward, is it not the truth that the Welsh and Scottish Parliaments will also be puppet Parliaments post Brexit?

John Redwood: No, that is not true. In their devolved areas, they have genuine power, which they exercise in accordance with their electors’ wishes, but of course this is the sovereign United Kingdom Parliament, and the devolved powers come from the sovereign Parliament, as the hon. Gentleman well understands, which is presumably why he likes being here.

Sir William Cash: Will my right hon. Friend also bear in mind the manner in which laws are made in Europe? They are made behind closed doors in the Council of Ministers with no proper record of who votes, how and why—we are outvoted more than any other country—and then those laws come here and are imposed upon us in this Parliament.

John Redwood: I quite agree.

We wish to take back control. We will be a very different and much better country when this Parliament can settle how much tax we levy, how we levy it, how we spend money, how we conduct ourselves and what kind of laws we have.

My main remarks for the Minister and his colleagues on the Treasury Bench, however, concern the conduct of the negotiations. Like the Minister, I wish the Government every success. I hope that they get a really good deal—I look forward to seeing where they get to—but the EU is trying to make the process as difficult as possible by insisting on conducting the negotiations in reverse order. It says first that we have to agree to pay it a whole load of money that we do not owe. It then says that we have to agree a long transition period that coincides with its further budget periods, so that it can carry on levying all that money, and that is before we get on to what really matters: the future relationship and the questions of whether there be a comprehensive free trade agreement, what it will cover, and if it will be better than just leaving under WTO terms.

In order to have a successful negotiating position, the Government have rightly sketched out a couple of important propositions. The first is that nothing is agreed until everything is agreed. That is fundamental, and I urge Ministers to understand that they must not

sign any withdrawal agreement unless and until there is a comprehensive agreement that is credible and that can be legally upstanding, because there is no point paying money for nothing. There would only be any point in giving the EU all that money if there was a comprehensive agreement that the Government and the country at large could be proud of, and which enough leave voters could agree with as well as remain voters.

The second thing that the Government have rightly said is that no deal is better than a bad deal. That, again, is fundamental to the negotiations. I have never made any bones about this, because I said before the referendum that no deal was quite a likely outcome, and a fine outcome. For me, no deal is a lot better than staying in the EU: it would give us complete control over our money, meaning we could start spending it on our priorities; it would give us complete control over our laws, meaning we could pass the laws and levy the taxes that we wanted; it would give us complete control over our borders, meaning we could have the migration policy of our choosing; and it would give us the complete right and freedom to negotiate a trade policy with the EU and anybody else. That would depend, of course, on the good will of the other side as well, but I would far rather be in that position than part of a customs union in which I had little influence and that was extremely restrictive against others. There is therefore an awful lot going for no deal.

The Minister and his colleagues must stick to the proposition that they will recommend a deal to the House only if it is manifestly better than no deal. They need to keep reminding the EU negotiators that no deal offers Britain most of what it wanted when it voted to take back control.

Anna Soubry: Will my right hon. Friend confirm whether he has seen the Government analysis—apparently it involves excellent modelling and is far better than anything they did in the run-up to the EU referendum—showing that if we were to crash out without a deal and rely on WTO tariffs, our projected increase in productivity and economic growth would be reduced by 7.7%? Is that what his remain-voting constituents—the majority—voted for?

John Redwood: No, of course it is not, but that is not true. I have written at great length about that elsewhere. Unfortunately, I do not have time to go into a detailed rebuttal of those proposals, but we know that the Treasury modelling got entirely the wrong answer for the first 18 months after the referendum. Its short-term forecast, which should be easier to make, was massively wrong and predicted a recession. I and a few others put our forecasting reputation on the line during the referendum by saying that there would be growth after an out vote, rather than what the Treasury forecast. We were right.

I assure my right hon. Friend that I have not voted for anything that will make us poorer. We will be growing well, as long as we follow the right domestic policies. It is complete nonsense to say that there will be that kind of hit. It implies that we lose over half our exports to the European Union, and it is not a proper reflection of what would happen to our trade adjustment were anything that big to happen. I want to concentrate on the customs union.

Vicky Ford: Will my right hon. Friend give way?

John Redwood: I am sure that my hon. Friend wants me to concentrate on the customs union, because she shares my wish that the Government will be well supported if the Opposition decide to have a third go at voting through a customs union or customs union membership.

I remind the House that we have twice had big votes in the Commons in which Members have voted by a very large majority against our staying in the or a customs union. One was on an amendment to the Queen's Speech motion, and the other was on an amendment to the European Union (Withdrawal) Bill. I hear that some Labour Members may have changed their minds and want to vote again. I am a democrat, and the Opposition have their own ways of doing what they want to do, but I urge them not to vote to stay in the customs union.

Above all, are Labour Members not at all worried about poverty in emerging markets? Do they not think it is wrong that we place huge tariffs on poor countries' tropical produce—produce that we cannot grow for ourselves? Would it not be great, when we are outside the EU customs union, to be able to take down those tariffs and give those countries more hope of promoting themselves by good trade, while at the same time benefiting our customers because they would be able to buy cheaper tropical products? Can we not do good trade deals with those emerging market countries across the piece? The tariff barriers are too high, and we could make mutually advantageous changes if we were free to do so. I urge the Labour party to remember its roots in campaigning against poverty and to join me in saying that the best way to get the world out of poverty is to get down the high tariffs on emerging market countries that the EU imposes, which I certainly do not agree with.

The Minister must remind Labour Members that no deal is better than a bad deal, and that no deal allows us to take back control of all the things that he and I promised to take back control of. He must also remember that we do not owe the EU any money. It would be fatally wrong to pay it loads of money if everything else does not work in the way we want.

Vicky Ford: Will my right hon. Friend confirm that he agrees with the Prime Minister that we should look for a deal that covers many sectors that are not covered by the WTO, such as aviation, data exchange and having a mutual recognition of financial services, so that trade in those areas can easily continue?

John Redwood: I am afraid that I am out of time, so I cannot go into detail on all these matters. I believe that we should negotiate strongly and positively. I wish my right hon. Friend the Prime Minister every success, but I wish to strengthen her hand by saying that out there in the country, the message is, "Get on with it." If that means leaving with no deal, that is absolutely fine.

2.43 pm

Mr Chris Leslie (Nottingham East) (Lab/Co-op): There is a quote to place on the side of a big red bus, which I hope the right hon. Member for Wokingham (John Redwood) will drive around the streets of Wokingham in the years to come—especially if we do end up with no deal, which he seems to be advocating is absolutely fine,

and the UK crashes out of our long-standing alliance with our friends and nearest and greatest trading partners and we end up with, as the Treasury forecasts, a hit of 8% to our GDP by 2033.

John Redwood *indicated dissent.*

Mr Leslie: The right hon. Gentleman shakes his head. Those on the Front Benches will be noting that figures from Her Majesty's Treasury have been disputed by their own Back Benchers.

It is important that we talk about European affairs. The right hon. Member for Wokingham advocated taking back control as though he on his own, isolated from all around him, can thrive and prosper without relationships and links with the outside world. It is tempting to envisage him locked in this room on his own, with the doors closed, just to see how he would thrive without the sort of relationships and sustenance that others provide.

So too, for the British economy, there is this fallacy about our independent sovereignty—that as a small island, we can cope on our own, without the rest of the world. These days, in the 21st century and in a modern economy, we rely on the rest of the world, and they also benefit from our engagement with them. We risk serious self-harm if we try to pretend that detaching ourselves from those alliances and relationships and going for the very first time towards less market access, as the Prime Minister advocates, is somehow going to make us better off. It will not; it will make us poorer.

Mr Jim Cunningham (Coventry South) (Lab): The right hon. Member for Wokingham (John Redwood) is talking about a world that is long gone, in actual fact. We are a big wide world. I remember when the right hon. Gentleman was a Minister; his judgment was faulty then, and it is as faulty now. He goes on about taking powers back from Europe. The last two days have proved that we are not getting our powers back from Europe under his terms. What is happening now is that the Government are trying to tell us what to do without votes.

Mr Leslie: We have to recognise that in so many areas of policy—not just economic or trade policy—we benefit from these alliances and relationships. They do need to be worked on, and we need to somehow give and take a little bit. That is the nature of the global neighbourhood in which we live.

It would be remiss if I did not at this point voice my appreciation for the statements from France and Germany, which have shown their solidarity and fraternity with the United Kingdom in respect of the Russian chemical attack in Salisbury. We are talking about European affairs, and it is important that Europe stands together at an important moment such as this.

But Brexit is bound to dominate this sort of debate, and there are a number of aspects that I want to pick up on. The first is the question of frictionless borders and the trade arrangements that we absolutely have to maintain, not just for our own economic continuance but because of the Good Friday agreement and the need to avoid anything that could diminish the peace settlement in Northern Ireland.

The phase 1 agreement that the Government signed up to said that if they cannot come up with alternative arrangements, full alignment will be the way forward. My understanding is that the Secretary of State for Exiting the European Union has this morning admitted that the notion of a technological option—the “smart borders” option—is just not viable. It is not going to work because it requires hard infrastructure at the borders. You will know, Madam Deputy Speaker, that there are 275 crossing points on the border between Northern Ireland and the Republic of Ireland. The notion of having hard infrastructure—cameras, inspection posts and who knows what else—is clearly not compatible with the Good Friday agreement, so the Government have ruled that option out.

The only option that therefore exists is some sort of magical deal whereby the UK agrees to administer the external tariff arrangements for the rest of the European Union while simultaneously administering our own separate tariff arrangements for goods that are destined just within the UK. That does not happen anywhere else in the world. As well as being a complete bureaucratic nightmare, it would require reciprocity from our European partners with regard to our arrangements. They would have to administer a dual-tariff system for goods destined for the UK and those destined for Europe. It is just not going to happen. When the Under-Secretary of State for Exiting the European Union, the hon. Member for Wycombe (Mr Baker) winds up the debate, he would do well to admit that the phase 1 agreement that he signed up to now means full regulatory alignment and, of course, that a customs union is the best and simplest way to achieve that.

The Government are trying their best and scrabbling around, asking the road haulage industry, trade bodies and other cargo and freight companies, “What are your volumes of traffic and what’s happening in trade?”, and making them sign non-disclosure agreements, to try to gag them if they dare to speak, even to their own trade body members, about their conversations with Ministers. That just shows how desperate the situation is.

Peter Grant: Has the hon. Gentleman considered the possibility that the reason the Government want non-disclosure agreements in every discussion is that the next time Labour Front Benchers table a Humble Address motion, they will use the fact that they have signed up to a non-disclosure agreement to prevent Parliament or anybody else from finding out what on earth is going on?

Mr Leslie: It is very tempting to table a series of motions to keep extracting documents from the Government. For all the bluster of the Chancellor’s spring statement, I still regard the best documents published by the Treasury for quite some time, albeit reluctantly, to be the 30 PowerPoint slides that show, among other things, a £55 billion black hole in our public finances by 2033 if we opt for the middle scenario—the FTA-style scenario—and cuts to our public services that would result in the imposition of at least another decade or more of austerity. My hon. Friend the Member for Sheffield Central (Paul Blomfield) made an excellent speech and I say to him and my other Front-Bench colleagues that, having got the Labour party to support a customs union, the logic of all their arguments points to supporting retaining our participation in the single market, to avoid that austerity in years to come.

I want to finish on the arguments relating to the single market. We need to remember that the UK is an 80% service sector economy. While being in the customs union is good for the 20% of the economy that is based on physical or manufactured goods, 80% of our economy is based on services. That is why the single market matters—because it applies particularly to trade in services. Many trades and services will not be tariffed, taxed or diminished—they may be banned altogether, particularly in the field of financial services, which the Financial Secretary mentioned in his opening remarks. Financial services alone represent 11% of our economy and contribute £66 billion in revenue to our Exchequer every single year. That £66 billion pays for the schools and hospitals in the constituencies of all hon. Members, but, again, the Government are scrabbling around and trying to find some sort of mutual agreement on financial services. Just getting it referenced in a flimsy, two-sided A4 document on the future trade relationship will definitely not suffice.

Sir William Cash: Will the hon. Gentleman explain why it is that we have an £82 billion deficit with the other 27 members of the European Union, according to the Office for National Statistics?

Mr Leslie: In some areas we buy more of their goods than we sell, and in others we sell more goods than we buy. We have a significant surplus in financial services. We do financial services particularly well in this country. The Investment Association is exceptionally worried about the lack of co-operation agreements, which is a particularly technical term. We currently have such agreements by virtue of our membership of the European Union, but they will lapse on exit day. To what extent are the British Government seeking new or rolled-over co-operation agreements with each of the other 27 member states—perhaps the Under-Secretary of State can get advice on this from his officials by the time he winds up—so that the activities of some financial services are even legal in those countries?

The single market is also about goods, because some goods contain services aspects. Medical products require certification in order to be sold around the European Union. On the automotive sector, the Society of Motor Manufacturers and Traders has referred to the dangers of non-tariff barriers: regulatory alignment or divergence could be thrown into chaos if we leave the single market. I think about the single market benefits that consumers in the UK gain because they have safe products, a right of redress and enforcement on consumer goods. That is why the single market matters, and there are other issues besides.

Robert Neill: The hon. Gentleman is making an important point. An obvious example are goods that are sold with an insurance policy attached, which is a classic case of an area in which we are world beaters. Once we start to disentangle one part of the financial ecosystem, then we of course damage the whole lot, whether in trade with the EU or elsewhere.

Mr Leslie: The hon. Gentleman gives a perfect illustration. Let us imagine a driver, with insurance cover, departing from Belfast and crossing the border. At present, doing so does not require any particular change by the time he or she arrives in Dublin. After exit day, however, the applicability of the insurance

[Mr Leslie]

product might be null and void, and it will certainly require adaptation. This is not just about physical goods or the transfer of manufactured products, because some of these invisible products matter massively as well. If there was a car accident during that journey from Belfast to Dublin, where does the liability rest and who will enforce it? All such questions have been left entirely unanswered as the Government barrel headlong towards March 2019.

Of all the things that a single market would affect, the Good Friday agreement is the one I feel most strongly about, because I cannot see a solution to that particular problem that does not require the UK staying in and participating in the single market and the customs union. I say to all Members, including my Front Benchers and especially Conservative Members, that we cannot just assume that a customs arrangement for hard goods crossing borders will be adequate to maintain the principles maintained in the Good Friday agreement.

The red lines chosen by the Prime Minister were hers; they were not on the ballot paper in the referendum. Indeed, Daniel Hannan MEP and others have said that nobody even questioned the single market during the referendum campaign. It is now for Parliament to say politely to the Prime Minister that those red lines are not correct. If the Government have the courage to take forward the trade Bill and the Customs Bill, and certainly when the European Union (Withdrawal) Bill comes back from the House of Lords, they will have to confront the fact that there is a majority in Parliament for a customs union and, I believe, for a single market. Let us get on with it, and sort this problem out.

2.57 pm

Anna Soubry (Broxtowe) (Con): It is an absolute pleasure to follow the hon. Member for Nottingham East (Mr Leslie). On this, we are absolutely as one. It has been a consistent feature not only of the debate in the run-up to the referendum, but in everything that has followed, that there has been so much agreement between those of us on these Government Back Benches and those on the Opposition Back Benches. If I may say so, Opposition Front Benchers are also increasingly recognising the strength of the argument that Opposition Back Benchers and some Government Back Benchers have been making. We also have the agreement of SNP and Plaid Cymru Members; that is about it, unfortunately.

The point is very clear: this issue—the biggest issue that our nation has had to wrestle with in 40 years, and certainly since the second world war—has, on the one hand, divided our country and that division continues, but, on the other hand, has also brought together people from different political parties. We have put aside our party differences, because on this we are as one, and we have put our country first. I pay tribute to all the Members who have spoken out—often in the face of death threats, appalling emails and criticisms, and indeed unpleasantness even from within our own political parties—as doing so has not always been easy. However, it is very important that we do so because this is about our country and of course our constituents—it is not about us—and it is even more about our children and our grandchildren. As hon. Members have said, it is about making sure we get this right because the consequences will affect generations to come.

My view is that people in this country are undoubtedly getting utterly fed up with Brexit. I was going to say that they do not understand it, and that is not a criticism, but when we sit here talking about the finer details of “a” or “the” customs union “arrangement” or “agreement”, and when we delve into the detail of WTO tariffs on bananas, cars or beer—goodness me—people do not want to be involved. That is not because they do not care about our country—of course they care, desperately—but they elect us to this place so that we get on with that sort of stuff, and so that we put the country first and do the best thing for our constituents. They should not have, in effect, to micromanage the politics and detail of all the economic consequences and things that flow from that; they trust us to do it, but when they look at this place, I do not think they are particularly impressed by what they see.

In reality, the two major parties are almost together, although thankfully a difference is now emerging, which I will deal with in a moment. The Opposition have the good sense to come out in favour of a/the customs union—it does not matter what we call it; we now know that it delivers exactly the same arrangement that we currently have. [Interruption.] Sorry, “a” customs union, but I am not interested in the words. All I am interested in is what it delivers, and that is the only difference between the Labour party and the Front Bench of the Government who I obviously support. There is very little between them. Yet, as I have said before in this place, if we were to have a free vote, I have no doubt that the majority of Members would vote in favour of a/the customs union—we all know what we mean because we know what it would deliver, which is the continuation of peace and prosperity in Northern Ireland and the avoidance of a hard border. It would also convey many other benefits.

I also have no doubt that Members would vote in favour of us retaining our membership of the single market by being a member of EFTA, and I do not think that the people of this country are particularly impressed by the fact that that is not happening. They voted for us to speak up on behalf of them and their interests, and we should not be held back by three-line Whips and by an attitude that still exists in our society—led mainly by certain sections of the media—that anyone who has the temerity to speak out about or against the decision that was made in the EU referendum is in some way a “traitor” or a “mutineer”. It is an outrage! We come here to speak freely on behalf of our constituents.

Sir Robert Syms (Poole) (Con): Is not a referendum the biggest free vote? Everybody participated; nobody was whipped. There were weeks and weeks of argument, and a decision was made.

Anna Soubry: That is a really interesting point. Of course we had a referendum, but can we just get real about this? First, 52% of those who voted did so for us to leave the European Union, but not one of them to my knowledge—certainly in my constituency—voted to be poorer. Of course, 48% of people voted for us to remain in the European Union, and they have a right to a say in what now happens. Too many people, including perhaps on the Government Benches, do not understand that a considerable portion of that 48% have accepted the vote, but now feel utterly excluded, sidelined and pushed to one side as we move forward to deliver the result in the interests of everybody in our country.

Peter Grant: The right hon. Lady is making, as always, an impassioned and well-informed speech. The ballot paper contained a question about membership of the European Union, but there has never been a referendum on membership of the customs union or the single market. Nobody knows for certain what people want regarding those institutions.

Anna Soubry: I completely agree; the hon. Gentleman is absolutely right. I take grave exception to the idea that across the length and breadth of this country people were sitting in pubs, cafés, bars or whatever discussing the finer points of the merits or otherwise of the customs union and the single market. The truth is that there are Members of this House who do not know what the customs union is, and there are Members of this House who do not understand what the single market is.

I am not going to name people, but I have had very good conversations with right hon. and hon. Friends about EFTA. I have explained, for example, that members of EFTA can retain their own fisheries and agriculture policies. There are colleagues who have said to me, “Good heavens, I didn’t know that. How very interesting. Can you tell me now about immigration?” So then I explain about articles 112 and 113, and so on and so forth, and about the brakes that could be put on immigration. These conversations have occurred only in the past three or four months, 18 months after the referendum and nearly a year after we triggered article 50. That is why I will say it again: when history records what happened in the run-up to and after the referendum, it will not be in any form of glowing testimony. On the contrary, I think we will all be painted very badly, apart from those right hon. and hon. Members who at least stood up and spoke out. If I dare say it, I think we have been increasingly proved right.

I think people are fed up. They want us to get on with it. They do not quite know what “it” is. Some people actually think we have already left the European Union. But they know that it is getting very difficult and very complicated. I believe that people are becoming increasingly worried and uneasy. It is the dawning of Brexit reality. They know that the deal, which they were told would take a day and a half, or a week and a half, will now take, if not for ever, then a very long time. When I say “for ever”, I mean that, if the Government continue to stick to their timetable, it will not be concluded until way after we have left the European Union. We will get very loose heads of agreement by way of a political statement attached to the withdrawal agreement, which this place will vote on sometime this October or November. People are beginning to realise that they have been sold a bit of a pup.

Only last week, I spoke to a constituent who voted leave who told me, in no uncertain terms—she was quite angry about it—that she had no idea about the implications for the Irish border of not getting this right. People of a particular generation really get it and understand this. Frankly, we are old enough to remember the troubles in all their ghastliness. We also remember the border. Some of us are old enough to remember customs border checks, when we had to go through a particular channel. We remember being terrified that the cigarettes or a bottle of whatever—I certainly would never have done any of these things, of course—might suddenly be

uncovered by a customs officer, but that means absolutely nothing to huge swathes of our country. Older people, however, remember the troubles and they know how important it is that the border does not return. They understand how critical not having a border between Northern Ireland and the Republic of Ireland has been to the peace process. They are now not just worried about the return of the border, they are quite cross about it. They are getting cross not just because they do not want it, but because they feel that none of this was discussed and explained before the referendum.

As I have said, we are now having the debate that we should have had before the EU referendum. I am looking towards those on the Scottish National party Benches. The debate held in Scotland in the run-up to the independence referendum was a long, long proper debate. If I may say so as an outsider, every single issue pertinent to the debate was properly teased out and discussed. I do not think anybody could have complained that they did not know the consequences.

Jonathan Edwards: The right hon. Lady is making an excellent point. In Scotland, the Scottish Government produced a White Paper—650 pages long—outlining completely what they were proposing. During the European referendum, the leave campaign produced a poster on a bus. That is why we are in the mess we are in now.

Anna Soubry: I might not quite go that far, but the hon. Gentleman makes a really important point. I was a member of the Government that decided we would have a referendum. To be very blunt, I am now quite ashamed of the fact that I made a decision that we should have a referendum without the proper debate that we clearly should have had and without the long run-up. More than that, this is the conclusion that I think the British people have also reached: how on earth did a responsible Government put in front of us, the people of this country—notwithstanding how brilliant we are—an alternative that we now see will cause our country so much harm? During the referendum campaign, when “Project Fear” was at its full height—the campaign was very poor on both sides, but “Project Fear” in particular was madness and nonsense—I think that subconsciously, people thought to themselves, “No responsible Government would put something to us as an alternative to their preferred option that would deliver all this stuff, when actually, it will harm our economy, and even undermine or threaten our security and the future of peace in Northern Ireland. They wouldn’t do that.” Of course, now we know that that is exactly what that option was, but we have moved on, as I must too.

Alison Thewliss: Will the right hon. Lady give way?

Anna Soubry: I will make one last point—no, I will take the intervention, because it is probably more relevant to what I just said.

Alison Thewliss: I thank the right hon. Lady for the speech that she is giving, because it is another good one. The point has been made about the very short period running up to the referendum, when people had to make a very big decision on the basis of very scant information. Does she agree that it was far too short to counteract the decades of misinformation, and that we have a real responsibility as politicians to get more

[*Alison Thewliss*]

information and more facts out to constituents, so that they can understand the basis on which they are going to make decisions?

Anna Soubry: The hon. Lady makes a very good point. Look, some people would argue that it is a miracle that 48% voted for the EU. Anybody who plays or watches cricket knows that before a game, they roll the pitch. We have taken a JCB digger to the pitch for the past 40 years. It is astonishing. On both sides, we have all blamed the EU for all our misfortunes: if something was difficult, we just blamed the EU. Then, of course, in a very short period, we said, “You know that thing that we said was really rather rubbish—actually, it is really rather wonderful. Would you go out and positively vote for it?”

The other dawning of the Brexit reality was in the excellent speech that the Prime Minister delivered a few weeks ago. In it, she faced up to the reality in a highly commendable way—her tone was right and I agreed with much of her content. However, the reality of what she said was this: in admitting that there would be, for example, no passporting for financial services and that we would have reduced access to the market, what she was saying—as others have observed—is that for the first time, I think, in the history of any Government in any country in the world, we are actively going to pursue a course, knowing that it will make us less prosperous than we are under the current arrangements. That is the view of Her Majesty’s Government. I hope as we go forward that perhaps the Government, in that spirit of reality, will also understand that this can and must be stopped. We cannot pursue a course that will make the people of this country less prosperous.

We are meant to be talking about the economic side of our EU relations and affairs, so I will make this observation. The OBR’s predictions were to be welcomed because they were better than its previous predictions about our prospects of growth. I observe, as many others have, that we benefit at the moment from a strong labour market. We are almost at the point of having record levels of employment, which means, of course, that we have more money in the coffers by way of taxation and national insurance. In the financial and insurance sectors, we have seen pay rises of some 7%, and as many have observed, services comprise 80% of our economy.

We know that consumer spending has risen, and that, too, would account for the increased money in the coffers, because it means that our VAT receipts have gone up again. The weakness of sterling means that the companies whose foreign earnings are important to them have seen the worth of those earnings go up.

We must take all those factors into account to understand why it is the view of many that, notwithstanding the OBR’s better forecast, our country is actually experiencing some of the slowest growth in the G20. We think we are doing well, but when we compare ourselves to other G20 countries, we see that we are not doing anywhere near as well as we should be. I have given an explanation of why we are not where we thought we might be, but the point, of course, is that if we were not leaving the European Union, we would be doing considerably better and our prospects would be considerably higher.

Let us be clear about this. Investments are already being delayed, and we know that unless we get this transition in place, a number of important businesses will leave our shores. We also know that business wants certainty, and, in my opinion, the certainty that it is crying out for is the certainty of knowing that we will stay in both the customs union and the single market. No one should underestimate the real risks that our country faces. If we do not get this right, businesses will simply leave. We have already seen examples of that. There are Japanese companies that were promised by Margaret Thatcher, one of the finest proponents of the single market, that our country would never leave the single market. They have invested billions of pounds in real, skilled jobs in our country. Anyone who speaks to those companies—as many of us do—should ask them how they see the prospect of our leaving the single market and the customs union, and, indeed, the European Union. The fact is that instead of investing here, they will invest in other European countries, because we were the bridgehead into the EU.

I have dealt with the Government’s analysis in my interventions, and I know that you are urging me to speed up, Madam Deputy Speaker, but I have not had an opportunity for some time to make a long speech about this matter, which is dear to my heart, so I hope you will forgive me. I hear you—or, rather I see you—and I take the hint. I am about to make my concluding remarks. However, these things need to be said.

The Government, quite rightly and responsibly, asked civil servants in all Departments to look at the different options that were available and to analyse the economic benefits that they might or might not convey. I urge Members to read the papers. They should go into the darkened room, or even better, get hold of those papers, because the Exiting the European Union Committee has had the good sense to publish them. This is new modelling—the best available framework, prepared by civil servants who act with complete independence and, as usual, have exercised the huge skills that they possess. They recognise all manner of variances. They believe that these analyses are the very best, and they are keen to sing the praises of the modelling.

What does that modelling reveal? It reveals that even if the House and the Government were sensible enough to accept the single market and the customs union, membership of the European economic area after we had left the EU would cause our projected growth to fall by 1.6%, a free trade arrangement would reduce it by 4.8%, and World Trade Organisation rules—the cliff edge urged by some Conservative Members; the most irresponsible of all options—would involve a reduction of 7.7%. Moreover, those models do not include the value of the customs union.

I want to conclude—you will be pleased to know, Madam Deputy Speaker—by expressing some views on trade deals. It concerns me greatly that the British public are not being properly and fully informed about them. I say with respect to those on the Treasury Bench that it is very important that they are absolutely up front with people and stop putting forward the chasing of what are effectively unicorn deals. We enjoy 50 free trade deals by virtue of our membership of the EU. The idea that we will not get a deal with Australia is madness, because of course the EU will soon be doing a deal with Australia, and who do we think they will be doing a

deal with first, the EU or the UK? The EU of course. So we will benefit from all these free trade deals in any event; we are not getting anything different by leaving the EU.

It is very unfortunate that we are not explaining the facts on free trade arrangements—the 50 or so we currently have by virtue of our membership of the EU, and the other arrangements we also enjoy by virtue of our membership. As this analysis shows, the reality is that even if we get every single free trade deal that is available, that still will not make good the loss to our economy of leaving the EU.

So—finally, Madam Deputy Speaker—people must wake up and realise that our EU colleagues will miss us and they want us to stay, and if we leave and a future generation wants us to return we will not be able to re-join on such good terms as we currently have. The EU will not miss us because of our trade—they will find new markets; we must get real on that—but they will miss us because of what our country has always brought to the EU: we are the voice of sanity; we are the check on the excesses; we are the ally that many seek to keep the EU—

Giles Watling (Clacton) (Con) *indicated dissent.*

Anna Soubry: My hon. Friend shakes his head, but, with great respect, he should go and speak, as many of us have done, to ambassadors and senior members of Government. They are genuinely upset that our country is leaving, because of the loss from that and the damage and harm it will do to the EU and because of the great role our country has played in many respects in the best part of the EU's work, which is the advancement of free trade.

I believe that the people of this country are looking for some way out of this mess, because it is a mess, and it is up to us as politicians to provide the leadership. This place cannot overturn the referendum result; the people began this and it is for the people to finish it. However, the people are now entitled to have their say on the final deal—I have no doubt about that—because their future is what is most important and increasingly, as the reality dawns and they understand the full detail of what we have done, it is not that they are regretting their vote, but they do not like what they see on offer as the future out of the EU. So let us be clear: let the people have a final say on the final deal.

Several hon. Members *rose—*

Madam Deputy Speaker (Mrs Eleanor Laing): I appreciate that, as the right hon. Member for Broxtowe (Anna Soubry) said, she had a lot of points to cover. It is also obvious to me that nobody except the right hon. Member for Wokingham (John Redwood) has taken the least notice of my exhortation to take about 10 minutes. If I were to impose a time limit now, it would be seven minutes, but I am still going to try to proceed without a time limit, and I hope that Members will tailor their remarks accordingly. I do not suffer if somebody makes a long speech—more than twice as long as the 10 minutes I recommended—but other colleagues do.

3.24 pm

Heidi Alexander (Lewisham East) (Lab): So here we are again. Another day, another debate on Europe—nearly two years after the referendum and at a time when we

face enormous challenges both here and abroad. The inescapable truth about Brexit is that our Government are involved in the biggest exercise of reinventing the wheel that this country has ever seen. When a nerve agent has been used in Salisbury to try to kill a former spy, and when we are expelling the largest number of Russian state personnel from our soil for 30 years, I am sure that I am not the only one who regrets that our first foreign policy objective is our departure from the European Union, but we are where we are. Rather than endlessly raking over the referendum, or making the case as to why the public should have a final say on the deal, we need to focus on finding a way through this that limits the damage to our economy, maintains peace in Northern Ireland, protects opportunities for the next generation, and leaves our alliance with the rest of Europe as strong as possible.

We need to start, though, by being honest. If we go out on to the doorstep, we will struggle to find someone who would vote differently in a referendum today from how they voted two years ago. Yes, there might be an increased willingness to listen to a different point of view and, yes, there is an overwhelming sense that the Prime Minister is making a dog's breakfast of the negotiations, but for all the talk of bringing people together, our country is still divided.

I do not want to live in a country that is dominated by divisions over Brexit for a decade. I do not want to sit in a Parliament that fails to get to grips with the real problems facing this country—housing; how we care for the elderly; how we upskill our population—simply because we are pursuing fantasy trade deals elsewhere. I do not want to listen to any more interminable speeches from Ministers that leave us none the wiser as to what their policy is and which do nothing to clear the fog that exists in Brussels or in the public consciousness here. We have to make this easier for ourselves. We need to cut the complexity, and that means staying in the single market by staying in the European economic area and staying part of a European customs union. The sooner the Government wake up to that fact, the sooner we might make some proper progress.

The Prime Minister bleats on about her deep and special relationship and about her desire for a bespoke deal but, as the clock ticks on, there is no sign of that. Last year, she admitted that she needed more time to sort out future trading arrangements. She calls it an implementation period and Brussels calls it a transition period, but I call it cutting yourself more slack to work out what on earth to do. There is no guarantee that we will get a transition period, but assuming that we do, and assuming Parliament votes for it as part of a skeleton withdrawal agreement—that is a big if—we will be legally out of the EU next year. Our trading arrangements will stay the same until the end of 2020, but what then?

At the moment, this is like reading a seven-year-old's letter to Father Christmas. We see an unrealistic wish list combined with tantrum-like demands. The Prime Minister wants a customs partnership, but not a customs union. She wants no tariffs on goods traded between the UK and the EU, but does not want to sign up to the common set of standardised tariffs that apply to goods coming into the EU from outside. She does not want a border in Northern Ireland to check where goods have come from and nor does she want one down the Irish Sea. She wants a special tracking system for goods

[Heidi Alexander]

coming into the UK that would then be onward bound for Europe. She talks about technology and authorised economic operators, but the customs experts and freight handlers remain unconvinced.

On the standards that goods would need to meet in order to be sold to the EU, the Prime Minister wants us to sign up to the rules in some areas, but not all, and she wants to reserve the right to change the arrangements in future. She wants to be in some of the regulatory agencies that supervise and enforce the rules, but only if a UK court rules on related matters. Even then, she is not sure whether she wants to be part of just the European Medicines Agency, the European Chemicals Agency and the European Aviation Safety Agency, or if she wants to be part of others, too. She does not have an answer on services, the area in which we enjoy a trade surplus with the EU, but rather talks about creativity and ambition in finding solutions. There is no trade deal anywhere in the world that gets close to guaranteeing the access we have to Europe for our services industry. Our major export to the EU is financial services; Canada's is pearls and semi-precious metals. The idea that we base our future trading arrangements on a Canadian-style free trade agreement while ruling out being part of the EEA is absolute madness.

I am a London Labour MP, and I sometimes baulk at the obscene wealth that I see on display in our city. However, I also know that the wealthy bankers, lawyers and hedge fund managers not only have money, but spend it. For every one of them, there are probably four or five jobs in events management, hospitality, retail and security, and those jobs are done by my constituents. I cannot bear the thought of our great city losing out to Paris, Frankfurt or New York, but mark my words: if we do not get a good deal on services, over the next 10 years—this will not happen overnight—jobs and economic activity will drift away.

I cannot see how we can get this magical deal. Even if the EU wanted to offer us a good deal on services, the most favoured nation clauses in the trade agreements that are already in place with other countries would mean that whatever the EU gave to us, it would have to offer to others, too. If we stayed in the European economic area, we could get around that.

I do not think that anyone really appreciates the extent to which our country depends on EU labour. It speaks volumes that two years after the referendum, the Government have no answer to what the post-Brexit immigration system will look like. Last week, I met the HR director of a major restaurant group. It has about 300 restaurants in the UK, and I discovered that 61% of its chefs are from the EU. When I walk from Lewisham to Catford, I see huge signs outside small domiciliary care agencies that are desperate for staff, and that is before we even talk about the recruitment and retention crisis in the NHS. I do not know how many times I have to say this, but we have an ageing population. We control immigration from countries that account for 90% of the world's population. We need people to come here to work. Fewer EU migrants means fewer taxpayers and fewer people spending money in our shops.

I have reflected quite a lot recently on why I care so much about Europe. If I am honest, it is intensely personal. We seem to forget that freedom of movement

works two ways. People can come here, but we can also go and live in other European countries. I grew up in a working-class family. My dad is an electrician and my mum is a dinner lady, and I was the first person in my family to go to university. I dreamed of travelling the world when I was young, but I knew that the bank of mum and dad was not an option. I lived for a year in Austria and worked as a holiday rep. I fell in love with the country and ended up married to someone who is half Austrian.

I genuinely feel that the ease with which I could go and live in another European country allowed me to live my dreams. It gave me opportunities, and I do not want the next generation to be denied those opportunities. Anyone listening to Nigel Farage would think that the EU was the preoccupation of the middle classes—it is not. I think that we need to stay in a customs union and in the single market to maintain a close relationship with Europe. We should be prepared to preserve the principle of freedom of movement within that, even if we administer the process slightly differently.

We have to dial down the rhetoric on all this because I worry about where it will all end. Just think of the newspaper front pages that we have seen in the last year. Where do the bellicose language, blame and brinkmanship get us? My grandfather and my husband's grandfather fought on opposing sides in the second world war. Mine walked across Europe after he was liberated from a prisoner of war camp, and my husband's absconded from Scandinavia and made his way home to Austria. The borders that criss-cross my family's history should not go back up, and we should not take opportunities away from the next generation.

We should not fool ourselves into believing that there is a golden economic future without a close relationship with the EU, and the Government need to be honest about that. They need to be honest about the fact that the political choices they have made in the past two years are not automatic consequences of the referendum. They need to rub out their red lines and do the right thing for the economy, the next generation and our place in the world. I believe that that means remaining part of the single market and a customs union.

Several hon. Members rose—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The hon. Member for Lewisham East (Heidi Alexander) did very well on her 10 minutes, but I give in—we need to have a formal time limit of eight minutes.

3.35 pm

Giles Watling (Clacton) (Con): I will endeavour to be as brief as I can, Madam Deputy Speaker. It is a great honour to follow the hon. Member for Lewisham East (Heidi Alexander), who made her points with great passion and eloquence. I find myself in an interesting position in this debate, because I was well known in my area as a remainer. I was shaking my head earlier because I believe we will still have a very close relationship with Europe. However, 70% of my constituents voted leave, and this was of course 10 months before 62% of them voted for me—Members may extrapolate from that what they will. Perhaps it was because I was a remainer and a Eurosceptic—you can be both.

The aforementioned interesting position in which I find myself is that, although I am a remainer, I am, above all, a democrat. Therefore, I am now determined to follow through on Brexit; we were given a very clear message, not only by my constituents, but by the UK as a whole. It was always going to be a rocky path and, as we have seen, it has been beset by those who might want to make the UK take another path or even, as has been said, hold a second referendum. That would be a serious mistake and take us back to the dark days of destructive populism, and I am sure none of us wants to poke that particular hornet's nest again.

As we all know, referendums are, by their very nature, divisive. Let us take the example of the referendum in Scotland, a wonderful country where I have had the great pleasure of working on many occasions and in many places. There was always that united joshing at the token Sassenach—that was me, and it was a position I enjoyed very much. It was a part I had to play. Interestingly, shortly after that referendum, I returned to Scotland, where I was working in Glasgow, and found that the Scots were now at each other's throats in Sauchiehall Street and the token Sassenach was largely ignored. We have now had our EU referendum and the results have had very similar effects, so I reiterate that we do not want a second, even more divisive, referendum.

The only sensible way forward is to ensure a clean break with Europe, while ensuring that we get the best deal possible—a unique deal, as the Minister said. I refer to a bespoke deal that suits the very special relationship that we already have with our European neighbours. Leaving the EU cannot mean long-term membership of the EU's single market or the customs union. That would mean complying with the EU's rules and regulations, with the UK having very little or no say over them at all. By remaining a member of the single market and customs union, the UK would, in effect, not be leaving the EU at all. It would mean less control for the UK, not more, and that is not what my constituents or the UK as a whole voted for.

My constituents voted to step out on to the world stage, taking the lead and taking advantage of new opportunities. I am pleased that we are building the economic base that will help our country compete in the world market. I am pleased to say that in withdrawing from the EU, the UK will be leaving the common fisheries policy, a policy that has had a profound impact both on the UK's coastal communities and on the sustainability of our fish stocks. As an MP for a coastal community—the wonderful, glorious sunshine coast of Clacton, Walton and Frinton—I believe it is imperative that the Government do not give ground to the EU on this issue, especially now that Donald Tusk has requested that reciprocal access to our fishing waters be maintained.

I am also delighted that, according to press reports today, EU negotiators have accepted our demands to pursue an independent trade policy while remaining inside the customs union and single market, but only during the transitory or, as the Minister said, implementation period. Then, we come out of the single market and customs union, and, as we have done so many times before, strike out on our own to a bright new future. That bright new future can be achieved only if we give our negotiators a free hand to do the deal. Those who have challenged the deal makers to declare their hand in Parliament before any deal is struck demonstrate a fundamental ignorance of the whole

process of negotiations. The 27 countries of Europe must not be given the luxury of knowing exactly where our bottom line is. That would clearly negate any negotiation. I say to Opposition Members that it is really a case of "Don't tell 'em, Pike!"

We made a mistake when just before Christmas we narrowly voted for Parliament to have final approval of any deal. That weakened our negotiators' hand. The EU is now aware that, whatever deal is struck, it might not be approved; thus, it might feel that it can strike a harder bargain. Furthermore, if I may be allowed a small analogy, if I come to buy your car, Madam Deputy Speaker, whatever odd sticker you might have in the windscreen, we both want something: I want your car and you want my cash. At the outset, we must both be prepared to walk away. That is the point that my right hon. Friend the Member for Wokingham (John Redwood) made, and that, as we all know, is how business works. To sum up with another analogy, one does not play poker and show one's hand.

I, too, have lived and worked in Vienna in Austria, which is a lovely place; I had a long-term contract to work in Rome—it was five years, I think; and like many of us, I have holidayed all over Europe. Members would imagine that those experiences would make me a classic Europhile, and they did. But I reflected on the fact that I have also worked in America, Egypt, the far east, the Arabian states and Africa. So what does that make me now? A globophile? I think it does. The opportunities to live, work, trade and play all over the world will still be with us but, because we are leaving the EU, we will have control of our own borders. Perhaps more importantly, we will still be able to attract people from all over the world to be a part of the great British economy.

Finally, I declare myself to be wearing two hats in this debate: one as an optimist and the other as an animal lover. I have been an animal lover all my life. I own a house full of yappy dogs and in the 1990s I was part of a team that broke up a puppy-farming ring in Wales. I now see an optimistic future in which we can dramatically strengthen our animal rights laws when we are no longer constrained by the EU. The UK has higher animal welfare standards than any other country in Europe, and the Government have delivered a slew of animal welfare initiatives over the past months alone—for instance, an ivory ban to help end elephant poaching; CCTV in slaughterhouses; an increase in the maximum sentence for animal cruelty; a ban on electric-shock collars; a ban on microbeads; and the cutting down of single-use plastics that harm our fish, birds and sea mammals, just to name a few.

EU law should not be a benchmark for animal welfare. People can keep farm animals in unspeakably cruel conditions in Europe without breaking a single EU law. It would be depressing if that were the standard that we set for ourselves. I wish to focus on strengthening animal rights as we go through Brexit, and I see a good opportunity as we consider a ban on live animal exports as a part of our trade policy. I truly believe that we will, in the end, get a good deal. If we hold our nerve, the future can be very bright indeed.

3.43 pm

Mrs Madeleine Moon (Bridgend) (Lab): It was wonderful to hear the speech by the right hon. Member for Broxtowe (Anna Soubry). I cannot say how much I agree with her

[Mrs Madeleine Moon]

about how much this House knows that what we are working towards will be an absolute unmitigated disaster for our constituents. Every one of us in the House, apart from the tiny minority who are driving this disastrous move forward, is absolutely clear that we are going to leave our country and our constituents poorer. It will be a disaster.

I have to say to the hon. Member for Clacton (Giles Watling) that it is nonsense to say that when the facts change, one does not change one's opinion. Were that true, there would be no divorce. It would mean saying to every woman in the House, "You would never be able to take back that dress that you thought was wonderful when you first saw it but that looked an absolute unmitigated disaster when you got it home." The facts are changing and we are finally getting to the truth of the disaster of where we are going, so it is right that we go back to the people and say, "Do you want to change your mind? Is this the right direction?"

The impact on London will be tremendous, as we have heard from my hon. Friend the Member for Lewisham East (Heidi Alexander), but I cannot begin to talk about how disastrous it will be for Wales. May I start with the issue of gross value added? Gross value added is one of those terms that does not really resonate with constituents, but let us look at what it means in Wales. In 2016, it was £59.6 billion. The Government's projections mean that Wales would lose about £5.7 billion in the event of no deal, and around £3.3 billion if we secure a trade agreement. That is over a period of about 15 years, but it will have a huge impact on the Welsh economy. It is not the most vibrant economy, but it will have a devastating impact.

I could throw lots of figures about, but one that impacts on families across my constituency is inflation. Inflation remains at 3%. Wages are not going up, but prices are, and my families are becoming worse off. The cost of food and other goods is soaring as a result of the fall in the value of the pound, which remains about 15% below pre-referendum levels. That is a visible and very real impact on the daily lives of my constituents. Having seen that impact, my constituents deserve the right to another opportunity to decide whether this is a bet that they want to take given that, even under the Government's own policies and analysis, it will bring further poverty, further disaster and limited opportunities for their children.

I have talked to many of my constituents about how they voted. Some of them say, yes, they got a great result. They got the result that they wanted out of the referendum; they got rid of David Cameron—job done. That is what they have actually said to me. It was not about Europe; it was about austerity. They hated what was happening to their families. They hated the fact that so many of them were heading off to food banks. Some of them say, yes, it was about immigration, but really it was about the wages that they were getting and the 1% pay rise that, year on year, meant that they and their families were falling behind.

For many of them, it was about taking back control. They would say to me, "These unelected bureaucrats", and I would say, "Well, okay, but tell me the name of the director of education in Bridgend County Borough Council." They would say, "What? I don't know,

Mrs Moon." Well, that is an unelected bureaucrat. It is not who the bureaucrats are that we need to know; it is who the politicians are. It is the politicians who hold those bureaucrats to account and it is the politicians who make the decisions. It is about knowing who our politicians are and getting behind them that is the important part of democracy.

A grim time lies ahead. Most businesses constantly approach MPs to say that if we leave the customs union there will be severe consequences, which makes me really, really nervous. I have two major employers at two ends of my constituency: the Ford engine plant and Tata Steel. The impact on both the car industry and the steel industry will be devastating when we leave the European Union. I cannot begin to talk about the impact that job losses in those two industries will have on my constituents. I cannot begin to talk about the loss of future opportunities for the children in my constituency. I have fantastic schools and I am so proud of the bright, alert, really eager youngsters for whom we should, as a country, be promoting a future of opportunity, instead of which I hear fantasies about wonderful trade deals with countries that will never, ever bring the benefits—I ask Members to read the submission from Tata Steel—that access to the European markets currently brings to Tata Steel.

Anna Soubry: The hon. Lady is making a very important speech. I suggest that my hon. Friend the Member for Clacton (Giles Watling) visits her constituency, and talks to Ford and Tata Steel in order to understand the importance of frictionless supply chains, membership of the customs union and membership of the single market in the very real industrial world that the hon. Lady and her constituents inhabit.

Mrs Moon: I thank the right hon. Lady for saying that, because I have those conversations all the time.

When I trotted over to DExEU to read the wonderful insight reports that we were meant to see, I was absolutely appalled by the poor quality of analysis that would be devastating for the people I represent. I will not vote for anything in this House that I think will damage the people I represent. I feel awful guilt—the right hon. Member for Broxtowe also mentioned this—about having voted for that referendum without insisting that we had all these debates before we took it to the people. I recently attended one of my local Women's Institutes, where a lady said to me, "We shouldn't have been asked to vote, should we? I didn't really know what I was voting for. I went with what everybody else was saying, but I didn't really understand the consequences, and now I'm worried about my grandchildren." We should all be worried about those grandchildren.

So here we are. It is really quite obvious that we are not going to have frictionless trade. If we leave the single market and the customs union, we are going to make sure that our families are worse off. Europe is on our doorstep. We can get from here into the centre of Europe in a matter of hours. The EU has 37 trade deals with more than 65 countries around the world, covering 15% to 17% of the UK's trade in goods. The EU has trade deals in place with more countries than the US, which has 20; China, which has 23; and Australia, which has 19. And yet, what are we going to do? We are going to throw that away.

Finally, I am a Member of the NATO Parliamentary Assembly. Every time I attend a meeting, colleagues there tell me of their fear of the consequence of Britain's departure for the stability of Europe. Every time I see them they ask me, "Is there any chance?" I just hope to God that we wake up in time and say, "Yes, there's a chance."

3.52 pm

Robert Neill (Bromley and Chislehurst) (Con): I have a lot of sympathy with what has been said by the hon. Member for Bridgend (Mrs Moon) and my right hon. Friend the Member for Broxtowe (Anna Soubry). I will put my case slightly differently and, perhaps, a little more succinctly.

I take the view that this country made an error. It was a democratic error, but it was an error. And because we are democrats, we have to live with the consequence of the error until such time as I hope may one day be the case, when the future generation reverses that error in some way. However, I am also a realist and know that that is not likely to happen any time soon. Therefore, we must ensure that we respect the outcome of the referendum—like it or not—but that we do so in a way that mitigates, to the greatest extent possible, the damage that will inevitably flow from it. The Prime Minister at her Mansion House speech was frank and honest, as I have always found her to be, about the fact that there is damage and that we must therefore mitigate the risk.

I do not do my politics in belief and faith; that is appropriate for the confessional, but not government and litigation. I do my politics in hard-headed reality, which is why I want to talk about services. Financial services underpin the economy of this country. We are a service economy or we are nothing. The position on services is worrying. My constituents are dependent on services, as 36% of them work in the financial and professional services sector—the 16th highest proportion in the country. Other hon. Members have already set out the massive contribution that the financial services make to our economy, beyond any other.

Anything that damages financial services damages the economy, the tax take, our public services, and the lives of every man and woman in this country. It directly damages the lives of my constituents. I will not support anything that materially damages the lives, the wellbeing and the services of my constituents. I want to help the Prime Minister to avoid that happening. To do that, I want to give her flexibility. As soon as she expresses realism, seeks flexibility and recognises that there must be compromise, some of my hon. Friends promptly appear with another pot of red paint. They are the ones who make her life harder, not those of us who support her in the realism and honesty that she set out in her Mansion House speech.

Let us then look specifically at what needs to be done to achieve the result that we need for financial services. First, we have to find for the City of London, if possible—it is a big if, and whether it will be achieved I know not, but let us set it out very clearly—a means, where mechanisms exist, to enable maximum access for financial services firms and for the legal services firms that underpin them: the two go together. There has to be an early transitional arrangement, or implementation—what's in a name?—to ensure day-one continuity.

Secondly, there has to be—I want to hear from Ministers how we take this forward and a reassurance that it is central to their view—mutual market access built on the existing position of regulatory convergence. Moving away from that would damage market access; it is not in this country's interest. That should be based on a commitment—frankly, an ongoing commitment—to mutual recognition and regulatory co-operation, with a joint UK-EU mechanism to ensure that regulation and principles of supervision are monitored as they evolve over time.

There would have to be a dispute resolution mechanism. We can call it a court or a tribunal—I do not much mind. We ought to think about the costs of a plethora of arbitration tribunals, although perhaps remaining within EFTA, or the EEA, will give us a ready-made dispute reconciliation mechanism through the EFTA court. It might be unwise to rule that out.

Anna Soubry: Is my hon. Friend concerned about the cost of all the provisions that will have to be made to govern all these various sectors and to manage all these new arrangements? Would he like the Government to produce, before any final meaningful vote in this place, the actual costs of delivering the Brexit deal?

Robert Neill: My right hon. Friend makes an entirely fair point. We should do that, because there is going to be an administrative cost that will ultimately be borne by consumers and taxpayers.

The industry itself has done analysis of the costs in some areas of financial services. For example, the wholesale banking industry estimates that if there is regulatory fragmentation, it is likely that \$30 billion to \$40 billion of extra capital will need to be raised. The London Stock Exchange Group calculates that changing the location of clearing houses—we must try to retain euro clearing, which is critical for the sector—will have a potential cost of some \$25 billion, not just to us but to the EU27. It is in our mutual interest, on both sides, to get an agreement. No analysis of costs has been done: we should be honest about that and do so. We have to get these agreements.

We must ensure, too, that there is the ability to hire talent across the board and to move it seamlessly. It has to be possible that people can move staff from an office in Brussels, Paris or Frankfurt to London without any hold-up or delay—not even the need for the slightest bit of paperwork. That has to be achieved sensibly. Again, it is in our interest because otherwise we damage the ecosystem of the global financial hub that London is. As the Chancellor rightly acknowledged in his speech last week, the depth of the London capital markets frees not only businesses but sovereign debt for the EU27 nations. Too much rigidity from either side makes that difficult and puts it at risk.

The other thing that underpins this is the legal structure that goes with the professional services. Our legal services are second to none. We are the venue of choice for international litigation and dispute arbitration. That itself is a great gainer of income for this country. The legal services sector was worth £26 billion to the economy in 2015-16—1.5% of GDP—and is responsible for about £4 billion of exports, about 55% of which goes to the EU.

[Robert Neill]

Fly-in fly-out arrangements are critical to that. We need an arrangement whereby, post the establishment directive, lawyers can have their qualifications mutually recognised in the EU27 states, can move seamlessly from one office to another, have the professional standing to advise their clients in EU27 countries and—this is very important but not often mentioned—have their client legal privilege recognised and protected, which can happen only where a lawyer's qualification is recognised. Without a deal on that, British lawyers will not be able to advise clients or firms in EU27 countries—because professional privilege will not apply—appear in their courts or have the right to arrive in those countries and be present for negotiations with clients in important commercial contracts. It is critical, therefore, that we do not forget the need to get the legal services sector absolutely squared off in our future arrangements.

We must ensure the recognition and enforcement of judgments. A derivative contract—something we lead the world in—is worth while only so long as it can be enforced. We must ensure that they and all other commercial contracts have certainty of enforcement, not only over the transition period, but going forward, as they are typically written for three to five years. At the moment, we do that with one simple EU directive. It would be most unfortunate if we had to replicate that with each country plus those with which the EU has reciprocal arrangements. We can mitigate that by immediate action to join the Hague convention, but that is a back-up, not an ideal situation; we have to go further. I ask the Minister to detail what meetings he and his departmental officials have had with the Bar Council, the Law Society and, where appropriate, the senior judiciary to discuss the practical steps we need to take to safeguard the position of Britain's legal services sector going forward and how it underpins the broader financial and professional services sector.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. Because there have been quite a lot of interventions, I now have to reduce the time limit to six minutes. I am sorry. Hon. Members should bear it in mind, however, that even that will be tight.

4.2 pm

Deidre Brock (Edinburgh North and Leith) (SNP): Brexit—what a success it's been, eh? The restoration of greatness is upon this sceptred isle. Except, it's not. When we finally got some sight of what the Government thought might be the economic impact of Brexit, it was horrific. It was even more horrific given that the Government had exhibited some worrying signs of being massively optimistic about Brexit, when more sober heads could not see much reason to be optimistic at all.

Geographical analysis suggests that we are getting the rather unpleasant end of a sharp stick and sectoral analysis suggests that the stick is sharper than it should be. The *Financial Times*, as we have heard, estimated the cost as being about the same as the side of a red bus. We should not take a journalist's word for it, though; the right hon. Member for Broxtowe (Anna Soubry) spoke of the OBR's improved forecasts, but we should recognise

that its growth forecasts for this year, next year and the year after are about a third down on the forecasts made in March 2016 for the same years.

The Scottish Affairs Committee has been taking evidence on the impact of Brexit on the immigration Scotland needs, so I will confine most of my remarks to that. There simply is not any organisation coming to the Committee and saying it thinks it is a good idea that we are leaving the EU or that there are fabulous opportunities waiting for us just around the corner. We are hearing from no one who thinks that our economy is going to be bolstered by losing access to the customs union and the single market and definitely no one who thinks that cutting immigration is a good thing.

CBI Scotland says that the Brexit referendum was the stepping-off point for its members putting the prospect of new immigration rules and the uncertainty that has surrounded the status of EU workers at the top of their concerns. The CBI also said that EU nationals make a vital contribution to the Scottish economy.

The same argument was made by the National Farmers Union of Scotland, which pointed to the thousands of agricultural workers from the rest of the EU who keep Scotland's farms working. I assume that there are many similar stories to be told elsewhere. Jonnie Hall of the NFUS pointed out that our veterinary services in Scotland depend greatly on people who are trained in other EU countries, and that our haulage industry depends on drivers from elsewhere in Europe. Associated industries all rely on EU citizens coming here and working to make sure that our agricultural products get to market.

Skilled jobs need to be done, and we do not have enough skilled people in the UK to do them. It is not a case of employers importing cheap labour to undercut workers here, as the leader of the Labour party suggested in Dundee last week. It is a case of there not being the workers here to do the jobs that need doing. We have already heard stories of crops rotting in the fields because there were not the workers to pick them, as a result of EU citizens not coming to work the fields, and that is before the restrictions bite.

As Jonnie Hall pointed out, the damage is being done before the promised sunny uplands come into view. He said:

“We have experience of our members who have very, very high-value crops in the field that have simply rotted over the winter because there has not been the labour to pick the vegetables. We are always being told by Mr Gove that we will be driving an agricultural industry that is based on new technology. We are yet to discover the technology that can recognise and pick the right crop at the right time as effectively as a human being can.”

The food and drink industries are major players in Scotland's economy, and this is the agriculture sector telling us that we need immigration to be easy to administer and freely available. Losing the freedom of movement of EU citizens is a disaster for agriculture, and farmers need a replacement quickly.

The NFUS has come up with a solution that might assist. Mr Hall told us that the NFUS has had conversations with the Scottish Government, the Department for Environment, Food and Rural Affairs and other Departments, but the door it simply cannot open is the Home Office's—the one door it really needs to open. That needs to be fixed, and I hope the Minister can at least give some assurance of assistance.

Our food prices are already being adversely affected by the weakness of the pound and increasing import costs. Families the length and breadth of these islands cannot afford price increases caused by scarcities because farmers cannot get their crops in from the fields. Our agricultural economy needs to be protected and nurtured, and that needs freedom of movement. I am reminded of a speech given by the then Environment Secretary, the current Leader of the House, in a speech in Paris in October 2016, when she said that we would address the economic chaos of Brexit by selling food around the world. Unless she meant that we would offer countries a pick-your-own deal, I am not sure we can sell food that stays in the fields.

The same story is coming through from other sectors. Academia, scientific research and financial services all rely heavily on EU citizens as well as the EU marketplace to make the economy work. Without freedom of movement, we have economic meltdown. Taking back control appears to be the equivalent of being a child sitting in the back of the car with a toy steering wheel—you have the impression of power, but it is just a plastic wheel spinning round and round.

There has been far too much overconfidence from the Government and not nearly enough hard work and proper dedication to the task. Brexit is a disaster and will continue to be the most costly and damaging political decision any Government have made in modern times unless we stop it. Let us end it. For pity's sake and for the sake of the people we represent, let us find a proper accommodation in the EU.

4.8 pm

Leo Docherty (Aldershot) (Con): In my brief remarks, I will consider the security situation with regard to European affairs and the impact that it can and should have on our defence spending.

My approach to Russia, which is the most urgent security challenge when it comes to European affairs, would be one of peace through strength. We must consider that attitude at a time when our own military strength has been significantly reduced following the fiscal challenges of 2010 onwards. Concurrently, we have had the rise of a resurgent Russia, with 1 million men under arms, that invaded Georgia in 2008, has invaded Ukraine and Crimea and has recently prosecuted this outrageous attack in Salisbury. We need to be very clear-eyed about that and realise that we need to regain this ground if we are to have a credible deterrent.

The strategic defence and security review 2015 laid out a very good plan for regaining that ground, but the bottom line is that if we want a strong, capable military, we have to pay for it. We need to urgently address the £2 billion black hole in the SDSR 2015 plan. The Treasury is seized of the importance of that in terms both of national security and of our security posture in Europe.

The issue is also urgently important because we have an enhanced forward presence. We have 800 soldiers in Estonia. General Sir Richard Shirreff, the former Deputy Supreme Allied Commander Europe, has said that investment in their capabilities is important because without it they will remain a political token and that

“without proper command and control and the artillery, engineers, attack helicopters and logistics to turn individual battalions into an effective fighting brigade, and spread over four countries, those four battalions would be picked off piecemeal should Russia attack.” The need for urgent investment is very clear indeed.

Of course, we prosecute our defence posture in Europe through NATO. We must also urgently make the argument to our allies about the need for them, like us, to spend at least 2% of their GDP on defence. We are one of only five countries that do that. If NATO is to be a credible deterrent to a resurgent Russia, that needs to change.

NATO is not without its problems, but we must express a collective political will in NATO if it is to be credible. It is alarming that in 2015 the Leader of the Opposition called for NATO to be “closed down” and for it to

“give up, go home and go away.”

It is on the record that he has refused to say whether he would defend a NATO ally if it was invaded by Russia. That is astonishing, because a collective deterrent and collective defence is the fundamental basis of NATO, as stated in article 5.

On another outrageous Russian foreign policy act, namely the invasion of Crimea, an adviser to the Leader of the Opposition is on the record as saying that, in his view, it was not an invasion but an annexation that was “clearly defensive” and that

“western aggression and lawless killing is on another scale entirely from anything Russia appears to have contemplated, let alone carried out—removing any credible basis for the US and its allies to rail against Russian transgressions.”

If NATO is to be the basis of our collective deterrent, we need to express political will and political conviction.

On Crimea, I will conclude by quoting a former Prime Minister of Great Britain who understood the importance of peace through strength and of deterring Russian expansionism and aggression through a credible military force. Speaking in 1858, Lord Palmerston knew a thing or two about dealing with Russia, because back then, of course, we were engaged in the Crimean conflict. He said:

“The policy and practice of the Russian Government has always been to push forward its encroachments as fast and as far as the apathy or want of firmness of other Governments would allow it to go, but always to stop and retire when it met with decided resistance”.

We must provide that decided resistance, and we must not allow the voices of apathy or those who want firmness in their political conviction to our collective security to undermine that. I hope that that attitude of peace through strength will guide not just our investment in our defence and our engagement with Europe, but our security policy as a whole.

4.13 pm

Justin Madders (Ellesmere Port and Neston) (Lab): There is an old saying that nature abhors a vacuum. Similarly, business abhors uncertainty, and in no industry is that more true than in the automotive sector. As the Government's sector report makes clear, investment decisions and sourcing choices in the industry are often made by European or global headquarters, and the continued uncertainty about training arrangements are making it ask serious questions about whether it will invest in this country in the future.

Uncertainty across a sector can have a real impact, particularly in communities such as mine where the sector represents a big chunk of the jobs market. The Vauxhall Motors factory in my constituency is currently facing huge uncertainty. Until recently, it employed

[Justin Madders]

1,800 people directly, with many more jobs in the supply chain, so there is no doubt that it is of pivotal importance to the area I represent. How such companies fare in the post-Brexit world will decide how I and my constituents judge the Government's handling of the negotiations, because when it comes to the crunch, what happens on people's doorsteps is what really matters to them.

The key choices about Vauxhall's future rest in the hands of its owners, PSA, which is based in France. We know from decisions already made that it shows no sentiment. We have already lost about 700 jobs since it took over, and these job losses are extremely serious. We are told that they are a reaction to market conditions, with a decline in sales of the Astra. Market conditions are not of course within the gift of the Government, but what is within their gift are the conditions within which business can trade, and this is where the Government really need to start listening to the industry—and acting. Traditionally, the automotive sector makes investment decisions about three to five years in advance, so decisions about investment in a post-Brexit world will be made shortly. The current model in production in Ellesmere Port is due to be discontinued at about the same time in 2021. The chief executive of PSA recently told the BBC:

“We cannot invest in a world of uncertainty”,

so now is the time for the Government to provide them with that certainty.

The automotive sector, as we know, is one of the most productive and successful we have, directly or indirectly employing over 800,000 people and generating almost 10% of the country's manufacturing output. We know that about half of all UK car production is exported to the EU, and that figure rises to 70% to 80% for vehicles produced at the Vauxhall plant in my constituency. The Business, Energy and Industrial Strategy Committee recently found that

“leaving the EU without a deal would undoubtedly be hugely damaging to the UK automotive sector, more so than to other European countries.”

It concluded:

“Overall, no-one has argued there are advantages to be gained from Brexit for the automotive industry for the foreseeable future.”

Now that we are leaving the EU, it is important to recognise that this is one of our most vulnerable sectors, and there is no upside for it. We therefore need to do everything possible to safeguard jobs and investment. History shows us that once manufacturing jobs are lost, they very rarely come back. So far the response from the Government has been inadequate and complacent, and the sense of denial is palpable.

Of course, it was never meant to be this way. Both during and after the referendum, too many people have exaggerated the simplicity of all this. The Brexit Secretary assured us that we would soon be able to access

“a very, very large trade area, much bigger than the European Union, probably ten times the size”,

despite the fact that if it was that big, it would cover an area twice the size of the planet. The Foreign Secretary promised us that without

“the job-destroying coils of EU bureaucracy we can survive and thrive as never before.”

The International Trade Secretary said that securing a UK-EU trade deal would be

“one of the easiest in human history”.

Yet even with such esteemed and self-confident people negotiating on our behalf, we still do not know—629 days after the referendum—what the deal will be.

When Cabinet Ministers are pressed on these issues, I have seen them bluffing complacently with dangerous fantasies about the promised green and pleasant land that will apparently emerge before our eyes without any effort being invested. The Prime Minister in her Mansion House speech said that new trading arrangements would need good will to succeed, but that sounds more like crossing one's fingers and hoping for the best. My constituents' jobs need more than that and the people who employ them need more than that to invest, so the Government need to understand that the once proud automotive heritage will be lost to the past unless we can secure its future. This is an industry that will survive and flourish only if we are prepared to fight for it. Even if it turns out to be the simple negotiation that the International Trade Secretary promised us, he needs to realise that for there to be an automotive sector in this country that will continue to trade with the rest of the world, it needs to be protected now, so the Government must act.

For me, a commitment to a customs union is the only sensible way to restore certainty and confidence, not some vague and ill-defined customs partnership that may or may not be the same as it is now. We know the argument about how a customs union will have an impact on future trade deals elsewhere, but I do not think that getting a couple of quid off trainers from China is actually a price worth paying for the destruction of the UK car industry. In response to a written question from me about which non-EU countries had been identified as the best ones for future trade deals in the automotive sector, the Minister for Trade Policy said:

“We are working with a number of other countries to explore the best ways to develop our current trade and investment relationships”.

That did not tell me anything, including about whether there are any such opportunities outside the EU.

If it is a choice between preserving trade with up to 80% of our existing customers, as against perhaps getting some new business with some unspecified countries at some unspecified time in the future, I know what every person with an ounce of common sense will choose. The choice for the Government is clear, and if they make the wrong one, we will never forgive them and we will never forget.

4.19 pm

Chris Green (Bolton West) (Con): It is a pleasure to follow the hon. Member for Ellesmere Port and Neston (Justin Madders), who made a really important speech on defending the car industry. I appreciate the ongoing concerns about Vauxhall in his constituency and the impact that that may have on jobs. I also understand that the Astra model is drawing to the end of its life, and the Vauxhall plant in Ellesmere Port needs to gear up for the next model that comes along. We must do all we can to ensure that the British car industry is ready for the next Astra model and for many other firms. The infrastructure that goes into the car industry is so important, and we have made progress in recent years. Just two or three years ago, we became a net exporter of

cars for the first time since the '70s, and that progress was founded on the other qualities of our United Kingdom. That is why Nissan and Toyota are investing in the United Kingdom.

There are many different arguments in the Brexit debate, and I understand why my right hon. Friend the Member for Broxtowe (Anna Soubry) said earlier that the tone of the debate is not what it could and, indeed, should be. A significant part of the reason for that is the interpretation that some people choose to make of other people's arguments. It is better and healthier for people to make their own case and their own arguments and to enable others to compare those contrasting arguments and see which is best.

People continue to raise a point about the red bus touring the country and swaying the votes of so many people. In the run-up to the referendum, I held numerous events in and around my constituency to listen to people's concerns, but I did not meet one person from the leave side of the argument who said, "I've been convinced to vote to leave the European Union because of the red bus." People no more switched their view because of that bus than they did because of Labour's pink bus in 2015. We must be cautious about ascribing motivations to other people.

By and large, I believe that people made their judgment and voted on whether to leave the European Union based on their experiences over the past 40-plus years, whether under a Conservative, Labour or coalition Government. People have seen that the European Union has been failing to reform over that time. We do not have in the European Union a sufficiently responsive organisation that can adapt quickly to the increasingly rapidly changing world we face.

The ability to adapt is key in any dynamic economy. Artificial intelligence, increasing automation and many different things are coming along the line, and if we are able, independently, to make laws and regulations to suit our needs in the United Kingdom, as opposed to having regulations and laws that suit the needs of the European Union, with its different competing interests, we will be in a far better place to face the ever-changing world.

A key part of that is immigration. The contribution by the hon. Member for Lewisham East (Heidi Alexander) was really important and she highlighted her relationship with Austria. Just as we want a close relationship with Austria, Germany, Italy and many other European Union countries, we ought to reflect on what Barbara Castle, the former MP for Blackburn, said many years ago. She suggested that we ought not to put Italians, Germans and the French above Malaysians, Australians or Indians, and we ought to be seeking that equality.

There is a certain toxicity to the debate on immigration in the United Kingdom. I loathe that; it is repugnant. I believe that we can have an immigration system post Brexit that objectively looks at the qualities, values, experiences, abilities and talents of those people who we want in the United Kingdom and optimise an immigration policy that works for Britain. The British people will then increasingly see how positive our independence from the European Union can be.

In conclusion, I want to highlight an area that has in the past few months been absolutely fascinating. The Secretary of State for Environment, Food and Rural Affairs has made incredible strides in demonstrating the

progress we can make and deliver on in relation to animal welfare post Brexit. I believe the British people did not have confidence in belonging to the European Union, but that with a good negotiation, deal and ongoing relationship, we may have confidence in our ongoing partnership with our European friends post Brexit.

4.25 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): In the time available, I would like to touch on a number of points that are relevant to the debate, starting with what has been its main crux this afternoon: the future trading relationship between the EU and the UK.

Yesterday, the European Parliament passed a resolution on the framework of the future trade relationship, which will feed into next week's EU summit and the EU negotiating position. It reiterates the position taken by Plaid Cymru from the very first day since the referendum result: the best course of action would be for us to stay in the single market and the customs union. That is the only realistic solution to avoid a hard border on the island of Ireland and—this of equal concern to me—a hard border in Wales at the ports of Holyhead, Fishguard and Pembroke Dock. The EU has frozen talks until the British Government come up with a solution to this problem, but it is on a plate for the British Government, if they would only listen to the evidence.

This is perhaps an opportunity to discuss the Labour party's policy on a customs union, which is completely different—it is more or less a souped-up trade deal. A customs union is what Turkey has. It does not benefit from all the international trade agreements that the EU currently has. We have had a long discussion today about the 50 or 60 trade areas that they entail, which are cumulatively worth about £140 billion to UK trade. We would lose that. The other factor with a customs union is that while the UK would lose the benefit of the deals with third countries that are currently aspects of the EU customs union, those countries would be able to import into the UK. I had thought that Labour's solution was a way of dealing with the problem of Northern Ireland, but Turkey needs lorry parks on the border with Hungary and Romania to deal with its border issues. That would be the case in Northern Ireland, so the proposal would not deal with the major issue of the border on the island of Ireland.

The National Institute of Economic and Social Research says that the cost to households in the UK will be about £600 per annum. Rabobank has put the cost of a no-deal Brexit at £11,500 per person. I think that the biggest cost relates to our public services. Some 20% of doctors working in the Welsh NHS come from the European Union. A number have already left. Some 45% of EU doctors in Wales have said they are considering leaving and another 12% have already made plans to go. Last week, I attended a summit with Hywel Dda University health board in my constituency about huge reorganisation plans for the health service in the west of my country. The closure of hospitals is on the table because staff cannot be recruited and retained, and Brexit will make that problem far worse.

Plaid Cymru recently won a vote on the Floor of the House for the first time in our 50-year history of service in the House of Commons on a motion on protecting

[Jonathan Edwards]

EU citizenship for UK subjects. Now that the British Government have been mandated by the House of Commons, I look forward to them making progress on that. Indeed, yesterday's resolution in the European Parliament reaffirmed Plaid Cymru's position.

David Linden (Glasgow East) (SNP): Throughout the entire process of Brexit, people have been talking about taking back control and respecting the sovereignty of the House. I am sure that, like me, my hon. Friend is therefore looking forward to the UK Government adhering to that motion, which was passed unanimously by this House.

Jonathan Edwards: We look forward, as I am sure my comrades in the SNP do, to holding the Government to account on the result of last week's very important debate.

With regard to a meaningful vote, Members should not be in a position in which we can vote for either a bad deal or no deal. That position was outlined in the other place yesterday when my colleague, Lord Wigley, raised this issue. That strengthens the argument put forward by a number of Members, in particular the right hon. Member for Broxtowe (Anna Soubry), who made the case for a second referendum on the terms of the deal.

I disagree slightly with the argument of the hon. Member for Lewisham East (Heidi Alexander) that there has been no change in public opinion, and I speak from my experience. When I was at the hairdressers in Ammanford on Friday, I spoke to many people who voted out. They were pleading with me to sort out the mess that we now face and said that they would now vote differently. On Saturday morning, when I was buying tiles with my wife in Cross Hands for the bathroom in our home, everybody there said exactly the same thing. I think there has been a big change in public opinion. If people were given the opportunity to vote on the facts before them, there would be a change of opinion.

The next issue I want to discuss is the prospect of no deal. We often hear from pro-Brexit MPs that that should be a bargaining position to hold against the European Union. As the hon. Member for Bridgend (Mrs Moon) excellently set out, a no-deal scenario for Wales would be absolutely catastrophic, and I see no reason to reiterate her points.

I will conclude on perhaps one of the biggest issues, which relates to Brexit's constitutional implications: the power grab that is now facing and impacting on the Welsh Government, the Scottish Government, the National Assembly for Wales and the Scottish Parliament.

Mrs Moon: The Prime Minister has repeatedly said that Brexit means Brexit, but does the hon. Gentleman agree that she does not seem to understand that devolution means devolution?

Jonathan Edwards: I fully agree. We have had two referendums in Wales to enshrine our constitutional settlement, but we have a British Government who are driving a sledgehammer through that settlement. I enjoyed the phrase "puppet Parliament" that was used by the

right hon. Member for Wokingham (John Redwood). The reality is that if clause 11 of the European Union (Withdrawal) Bill goes through unamended, and unless the British Government accept the recommendations of the Welsh Government and the Scottish Government, our respective Parliaments would be puppet Parliaments within the British state.

That brings me to the new UK internal market that will have to be created following Brexit. Of course, we currently have the EU internal market, which deals with issues of trade within the British state. As somebody who supports Welsh independence, I recognise that there will have to be a UK internal market, if we end up leaving the EU single market, but the challenge at hand is who constructs that UK internal market. Will that be done on the basis of the political reality that we face in the British state—a multipolar state with four national Governments—or will it be done through direct rule from Westminster? That is about not only the construction of the internal market, but how it is regulated.

Let me finish on this point: Westminster plays about with the constitutional settlements of Scotland and Wales at its peril. Unless respect is shown to the Welsh Government and to the people of Wales and the people of Scotland, instead of the disrespect agenda that we have at the moment, we will be discussing not Brexit in the years to come, but "Wexit" and "Scexit".

Several hon. Members rose—

Mr Speaker: Order. I am sorry, but on account of recent interventions, the time limit for the remaining Back Benchers will have to be reduced to five minutes each, because otherwise the Front Benchers will not have adequate time to wind up. That is the consequence of interventions that some people might think are superfluous, but others will think are essential.

4.33 pm

Kevin Foster (Torbay) (Con): I was going to conclude slightly early anyway, Mr Speaker, out of courtesy, so that another Member could make their speech.

It has been interesting to listen to much of this debate this afternoon. Some right hon. and hon. Members have held their positions on this issue for a very long time, but for me, this is about trying to set out briefly—in the five minutes I have—the vision we should have for the future.

It seems a long time ago when we think back to the end of the cold war and the iron curtain across Europe. The idea of free trade and a free market zone spreading into the east of Europe—potentially even to Russia—was something that people started to debate and think about. Of course, some 10 or 14 years back, we saw the European Union expanding to many countries that had been decimated by communism. They have now been able to become free democracies and have started to become prosperous. The difference is that what then came was another attempt to try to turn the European Union into a federal state, for example through the creation of its own currency. I remember at university 20 years ago people arguing that London would be decimated and that people would move out if we did not join the euro. I remember buying a book by my right hon. Friend the Member for Wokingham (John Redwood) that argued that that was a load of nonsense.

I did vote remain in the referendum two years ago—on balance, I felt that that was the right option at the time—but we now need to look at how we deliver on the outcome of the referendum vote.

I do not think that my vision of free trade and the removal of barriers between countries and economies should end merely because we intend to leave a particular political structure, and I do not think that we should focus entirely on the 27 other members of the EU. I have always felt that in the long run, subject to all the usual caveats about preserving our national sovereignty and about our ability to decide key public policy matters regarding health and welfare standards, we should seek to unite the economies of north America and Europe in particular, along with, potentially, those of other countries that are developed and have moved on.

Free trade cannot be a one-way process. It cannot be what we started to see a few years ago in Africa: a one-way trip of dumping subsidised products on to developing world markets to put people who were trying to compete with us on a level playing field out of business. One of the reasons why I have always supported free trade is the principle that it must work both ways, although that can sometimes lead to a more difficult argument.

Brexit gives us a chance to review our agricultural policies, which date from an era when we were concerned about whether we would be able to feed ourselves if the next convoy coming across the Atlantic was torpedoed. That consideration is now completely irrelevant. Nevertheless, there are some difficult discussions to have. As we move away from subsidies—there will be those who have become quite comfortable as a result of particular subsidies—we must discuss how we can shift from a system based on production to one that is based more on sustainability and diversification, perhaps with a greater focus on smaller producers than on large agribusinesses.

I welcomed what my hon. Friend the Member for Aldershot (Leo Docherty) said about security. If I had a little more time, I might dwell slightly more on that subject, and on the fact that European affairs could well be dominated by what Russia decides to do over the next few years. We should be clear about one key fact: someone who is Russian, or of Russian descent, is not automatically a supporter of Vladimir Putin. It does a great disservice to many people who were oppressed in that country and fled to safer nations to take Putin's line that someone with a Russian passport must be a supporter of united Russia. Many such people are not, and many have paid for that with their lives.

Sadly, Putin seems to be starting to tread the well-worn path that has led Europe to conflict in the past. If he decides to continue down that path, we must make it very clear that we will be resolute in standing with our allies across Europe to ensure that any provocation or further attempts to destabilise countries in the way in which Putin has destabilised Ukraine would be met with a united and firm response. That is why what the Prime Minister did this week was absolutely right. We must also look towards the south, where other threats to European stability and security may arise, especially given the growth of instability in parts of sub-Saharan Africa, which is an aspect of what drives migrant flows towards our southern shores.

I do not have much time left, so let me conclude by stressing that Brexit is about leaving a political structure, not a continent. It is about viewing our neighbours not as opponents, but as future allies.

4.38 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): It is a pleasure to follow so many eloquent—and some long—contributions.

I wonder how many arch-Brexiteers have actually spoken to people who work in or run businesses to learn about the impacts of not only Brexit but uncertainty about Brexit, and how it is affecting decisions in their constituencies at this moment. I have done that, and I am going to share just two examples with the House. One is a specific small company, and the other is in a major sector. I would have covered more, but have had to cut and cut my speech as the second half of the afternoon has progressed.

The owner of a small and medium-sized enterprise, a research company, wished to remain anonymous, but wanted me to know his position. He wrote to me:

"I run a small business and have already lost out because of Brexit (due to the drop in sterling putting up the cost of our cloud computing by 20% and uncertainty over future research funding). There are lots of detailed questions for my business that I have no idea how to answer, and I don't have armies of lawyers and accountants to work out for me. So much for the Tories cutting red tape. Such as, if there is a hard Brexit, will there be an uninterrupted service from all the cloud computing currently supplied via companies based in Ireland? Will I be able to access all my data and information on day one—or need new customs clearance or change my data protection set up? Will cloud computing be treated as an import with tariffs—and therefore add to my operating costs and accounting costs as I grapple with new HMRC rules? These are things that could tip my very small, struggling, business over the edge. I'm sure we're not the only vulnerable SME."

He goes on:

"More generally, MPs say they will protect jobs. In my sector income"—

rather than jobs—

"is already moving judging by conversations I am having with partners and in my networks. Contingency plans are already being enacted by SMEs. I know of companies who have set up offices in mainland EU and are starting to channel work through there, even if it is UK-based staff doing it, for now. I am being paid in Euro for some work that previously would have been in sterling, which exposes me to risks I can't offset. This is all completely legal. Two of my most talented EU colleagues have left the UK because they 'don't feel welcome'—they both lived here as children but having become parents themselves believe the situation is too uncertain to keep their roots here...In my view, the loss to Britain will be this invisible drip-drip of lost talent and money rather than announcements of big job losses by big employers and will only become apparent when it is too late."

Secondly, my constituency is home to a large number of broadcast organisations—household names such as Sky, and myriad others, many whose main market is not even in the UK—and many of my constituents work in broadcasting, including a few household names. The UK dominates Europe's broadcasting sector due to the availability of skilled employees and English being the dominant language in the industry. Thanks to the country of origin principle, hundreds of international media organisations are based here and can broadcast

[Ruth Cadbury]

to anywhere in the EU without restriction. The trade organisation COBA—the Commercial Broadcasters Association—fears:

“International broadcasters based here would, reluctantly, be forced to restructure their European operations”, particularly with a hard Brexit. It said a month ago that Brexit could cost the TV market £1 billion per year in investment, put at risk thousands of jobs in the UK broadcasting sector, and undermine the sector’s long-term global competitiveness. It says:

“Like many sectors, broadcasters cannot wait until the cliff edge of March 2019 to make decisions about the future of their European businesses.”

So even if no deal is not the Government’s intention now, these companies are having to make a risk assessment, divert management resources into contingency planning and make a decision on whether the risk of no deal is too great—they will jump ship anyway, taking jobs and investment with them. This means additional cost on otherwise unnecessary contingency planning and diversion of management time and energy, or just cutting and running.

These are the real impacts of Brexit now. If we multiply this by tens of sectors and hundreds of thousands of businesses making millions of decisions about their future, we see that this is what is leading to the UK tumbling down the international growth tables. It undermines Government income that funds our vital public services and, as looks increasingly likely, makes our constituents poorer. The Government must wake up, and focus not on the outliers in their own party, but on the economic prospects of the UK and its place in the world.

4.43 pm

Bill Esterson (Sefton Central) (Lab): First, I apologise to the House for missing the start of the debate, which was entirely beyond my control.

I also thank my hon. Friends for their contributions: my hon. Friends the Members for Nottingham East (Mr Leslie), for Lewisham East (Heidi Alexander), for Bridgend (Mrs Moon), for Ellesmere Port and Neston (Justin Madders) and for Brentford and Isleworth (Ruth Cadbury). I will just mention the comment of my hon. Friend the Member for Lewisham East, who described the Government’s approach and their fantasy trade deals as a dog’s breakfast; I have to say that my dog would turn up his nose at these fantasy trade deals on offer from the Government.

It cannot be right that the Government have so little regard for the sovereignty of this House that they provide little more than a two-day general debate and offer no meaningful vote, when most of this debate was always going to be about the single biggest issue to face this country in generations. As my hon. Friend the Member for Greenwich and Woolwich (Matthew Pennycook) told us in his opening remarks yesterday, the Government are attempting to look like they are doing something when in fact they are not only doing nothing, but have no idea what they even should be doing. Instead of filling two days of parliamentary time on this general debate, the Government should be bringing back the Trade Bill and the Taxation (Cross-border Trade) Bill and introducing the other Bills that they promised, including those on fisheries and agriculture.

Yesterday, the Minister for Trade Policy, the right hon. Member for Chelsea and Fulham (Greg Hands), congratulated the Government on bringing forward the trade and customs Bills and suggested that

“they have been designed to prepare us for every eventuality, although they will be needed regardless of the outcome of our negotiations with the EU. They will give us a strong trade remedies regime.”—[*Official Report*, 14 March 2018; Vol. 637, c. 915.]

However, they have not prepared us for every eventuality. In fact, they prepare us for no eventuality whatsoever as they fail to set out any legislative procedure for future trade agreements or for the protections of our rights and standards. As for the trade remedies authority, it has been described by the Manufacturing Trade Remedies Alliance, the industry body representing our manufacturing sector, as being the weakest in the world. The Opposition recognised the need for a trade remedies authority in our reasoned amendment on Second Reading. In Committee, we tried to strengthen the powers and the contribution that the authority will need to make, but the Government voted against and defeated every single one of our amendments. The Government know that they are in trouble with those Bills, which is why they are afraid to bring them back here. As many right hon. and hon. Members have pointed out, significant matters remain unresolved, and no credible solution has been presented by the Government, but they are none the less eager to rule options out.

The UK’s trade with the EU accounts for 44% of our total exports—some £229 billion. A further 16% of our exports go to those 70 or so countries that are party to some form of a trade agreement with the EU, including South Korea, Norway and Switzerland. In short, the majority of our trade is with EU or countries with which the EU has a trade agreement. The EU is of course the largest trading bloc in the world, and it is inconceivable that any trade agreement that the UK might be able to conclude with countries outside the EU would make up for the potential loss of trade once we leave. Of course, the UK will have to conclude new agreements with those countries that have an agreement with the EU, and the Government have attempted to spin the Trade Bill as being simply about that.

However, some of the agreements may well be significantly different from existing arrangements. South Korea, Chile and the other countries involved may well want an agreement with the UK after we leave the EU, but the question is why those countries would want to agree to the same terms that we currently enjoy as EU members. Furthermore, they will want to ensure that there is no overall disruption to their current trade with the EU. Of course, they will want a clear picture of what our future agreement with the EU looks like. Everybody is out for the best they can get for themselves. Every opportunity to take a little more and give a little less will be capitalised upon.

We already know that some of these countries, such as South Korea and Chile, have told the EU that they want to revise terms of their existing deals once the UK has left. Meanwhile, other countries have publicly called for changes to their trade with the UK after Brexit, calling for divergence from EU standards or liberalisation of tariff rate quotas. They do not want the same terms as before; they want better terms—for them, not for the UK. It will come down to who has the upper hand and the benefit of experience in trade talks.

Investors want to know whether they will be able to continue to participate in European supply chains and how rules of origin will apply after Brexit. Will they have to complete arduous customs declarations and advanced screening applications? Will their goods be held up at ports and train stations? It is clear that the Government have absolutely no idea what to do about the border on the island of Ireland. The Government have repeatedly told us that they will not have a hard border, nor will they have a border at sea. They have told us there will be no infrastructure on the border, yet they have also suggested that a digital border will be put in place and have hinted that it will involve CCTV and automatic number-plate recognition technology. Quite how CCTV and ANPR can exist without infrastructure, I do not know; that is a step even further in the Secretary of State's blue-sky thinking. That proposition is untried and untested, and it has been dismissed categorically by businesses, the Irish Government and the European Union. Even if that were not the case, it would require a substantial systems overhaul across the European Union as well as in the UK, and HMRC has already said that it would not be in a position to roll that out by the time the UK leaves the EU.

Further, the success of any border arrangement, if such an arrangement could be found, would depend entirely on the extent to which UK regulations and standards were compatible with those of the EU. Those are fundamental questions, but despite 20 months having passed since the referendum result and a year since article 50 was triggered, the Government are no further on with answers to them.

Many of those issues would be substantially resolved if, as the Opposition have suggested, the Government were to negotiate a new, bespoke, comprehensive UK-EU customs union. Such a customs union would allow existing trade arrangements to be rolled over with minimal changes. That is what the Government say that they want. Disruption to trade, such as changes to rules of origin requirements and diagonal cumulation, would also be avoided.

Under Labour's suggested approach, we would work alongside the EU in new trade arrangements. It is shocking that the Government have drawn a red line of not being in a customs union, without modelling the effects either way. If we agreed an EU-UK customs union, the EU would be enhanced by having the strength of the world's sixth-largest economy joining it in negotiations, and we would be strengthened by negotiating alongside the largest trading bloc in the world.

Our approach would also remove the need for customs checkpoints and accompanying infrastructure on roads between Northern Ireland and the Republic of Ireland. Our approach recognises that the EU is the largest market in the world, and that we are stronger in future negotiations alongside it. The Labour party seeks solutions to the problems that the Government have presented to the country.

4.52 pm

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): I am grateful for the opportunity to respond to today's debate, and I thank all right hon. and hon. Members who have taken part. I have very much enjoyed closely following the

debate and the valuable contributions that have been made, and I am sorry that I will not be able to acknowledge them all in the eight minutes that remain.

I want to acknowledge the range of advice that the Government have been given, from my right hon. Friend the Member for Wokingham (John Redwood), who made a strong case for no deal, to my right hon. Friend the Member for Broxtowe (Anna Soubry), who made a strong argument for the customs union and EFTA, to which I will return in a moment. I was also grateful to my hon. Friend the Member for Clacton (Giles Watling) for representing his constituents by supporting the Prime Minister's centre ground position.

The Prime Minister has been very clear that the UK will leave the EU on 29 March 2019, a date that is fixed as a matter of international and UK law under the article 50 process. That position respects the vote of the people in the referendum on 23 June 2016 to leave the EU, and there will not be a second referendum. As the Prime Minister set out in her Mansion House speech, our decision to leave the EU does not mark an ending; it marks a new beginning for our relationship with our European allies. We want the closest possible partnership. It is pragmatic common sense that we should work together to deliver the best outcome for both sides, and that is what we are doing.

I want to take a little time to talk about some of the solutions that have been proposed in relation to off-the-shelf models. As we have emphasised, we do not want an off-the-shelf solution or an existing model; we want the greatest possible tariff-free and barrier-free trade with our European neighbours, as well as to negotiate our own free trade agreements around the world, particularly in relation to our comparative advantage in services.

We want to ensure that UK companies have the maximum freedom to trade with and operate in European markets, and we want to let European businesses do the same in the UK. But we have always said that we are not looking for a Norway-style deal or a Canada-style deal. There is no point starting from scratch as we build our new relationship, because, unlike a country such as Canada, we start from the position of already having the same rules and regulations as the EU. Seeking a Norway-style agreement based on participation in the EEA agreement would not pass the first test that the Prime Minister set out for our future economic partnership with the EU. It would deliver control of neither our borders, nor our laws.

On borders, remaining in the EEA agreement would mean that we had to continue to accept all four freedoms of the single market, including freedom of movement. On laws, continued participation in the EEA agreement would mean the UK having to adopt at home, automatically and in their entirety, new EU rules, over which in future we will have little influence and no vote. This would not deliver the British people's desire to have more direct control over the decisions that affect their daily lives.

Membership of EFTA, in and of itself, does not deliver any market access to the EU; it is a trading bloc between four European countries, Switzerland, Norway, Iceland and Liechtenstein. Three of those countries participate in the EU's single market through the EEA agreement, while Switzerland participates in some areas through a series of bilateral agreements with the EU. Therefore, joining EFTA does not say anything about our future economic partnership with the EU. Although

[Mr Steve Baker]

we want to maintain our deep and historical relationships with the EFTA states, the UK is in many ways different from those countries. Our population is about 65 million, whereas the EFTA states together comprise about 14 million people. In 2015, the EFTA bloc's collective GDP amounted to £710 billion, which compares with the UK's £1.9 trillion. So the UK's participation in EFTA would fundamentally change the nature of that group and would not be an appropriate model for our future relationship with the EU or with those countries.

Anna Soubry: I was making the case for the single market and the EEA, and I am sure the Minister would agree that that is not an extreme position to hold.

Mr Baker: I listened carefully to the words my right hon. Friend used and I am sure the record will show that she referred to EFTA, but I am glad she has clarified that, in saying she supports EFTA, she means EFTA as an EEA member. But I stand by the remarks I just made. I hope she will not mind my saying to her gently that from the perspective of many who want to leave the EU, saying that we want to solve the problems of leaving the EU by staying in the EU's internal market, with all that that entails for non-member states, and staying within the EU's customs union, so that we have to accept the EU's common commercial policy, appears to suggest that we must solve the problems of the EU by, de facto, staying within it. That is how it comes across to many people who wish sincerely to leave the EU. I did listen carefully to her—[*Interruption.*] The hon. Member for Nottingham East (Mr Leslie) mentions transition, and of course we have set out the case for the implementation period.

I must press on, because I want particularly to pick up a point relating to borders and migration.

Heidi Alexander: Will the Minister give way?

Mr Baker: I want to make this point, but if I have time, I will give way to the hon. Lady. Remaining in the EEA agreement would mean having to continue to accept all four freedoms of the single market, including freedom of movement. Although it is true that Liechtenstein has unique arrangements on the movement of people, the UK is in many respects different from Liechtenstein, a country whose population is less than almost every UK constituency. We can safely anticipate that this exemption afforded to a micro-state would not be afforded to the UK.

I very much regret that, with only two minutes to go, I will have dramatically to shorten my speech. On the customs union, Turkey's customs union with the UK does not cover certain sectors that would be vital to the UK economy and it does not guarantee frictionless trade across the whole economy, because of course a

customs union alone does not solve some of the—[*Interruption.*] Opposition Front Benchers are saying that this is not what they are looking for. They are looking to be in the customs union and remain harmonised with the regulations of the EU—that is the implication of their position. The implication of their position is that they do not wish to leave the EU. They want the EU to control our tariffs. They would be happy for it to control our laws. They would be happy to accept free movement. This is not what people voted for.

We must not lose sight of our ultimate aim to build a new comprehensive partnership that sees us stay the closest of friends and allies. As the Prime Minister has set out, our vision is of a UK that is a champion of free trade, based on a high standard, thriving as a global Britain which forges a bold and ambitious comprehensive economic partnership with our neighbours in the EU and reaches out beyond to foster trade agreements with nations across the globe. As we approach this March Economic Council, both sides in these negotiations have agreed that we want a common fight against terrorism and crime; we want participation and co-operation on research, innovation, culture and education; we want to avoid the absurdities of the interruption of flights; and we want a trade agreement covering all sectors, with zero tariffs on goods and addressing services. We shall succeed.

Question put and agreed to.

Resolved,

That this House has considered European Affairs.

PETITION

Royal Bank of Scotland closure in Stepps

5 pm

David Linden (Glasgow East) (SNP): Ten years ago, we, the taxpayer, bailed out the Royal Bank of Scotland during the financial crisis. Now, the Royal Bank of Scotland is trying to bail from communities such as Stepps by closing down much-valued local branches. At the weekend, I joined community activists, councillors and the local Member of the Scottish Parliament, Fulton MacGregor, to gather signatures for this petition.

The petition states:

The petition of residents of Glasgow East,

Declares that the proposed closure of the Stepps branch of publicly-owned Royal Bank of Scotland will have a detrimental effect on local communities and the local economy.

The petitioners therefore request that the House of Commons urges Her Majesty's Treasury, the Department for Business, Energy and Industrial Strategy and the Royal Bank of Scotland to take in account the concerns of petitioners and take whatever steps they can to halt the planned closure of the branches.

And the petitioners remain, etc.

[P002118]

CERN Pensions: UK Tax Treatment

Motion made, and Question proposed, That this House do now adjourn.—(Mike Freer.)

5.1 pm

Sir Robert Syms (Poole) (Con): I rise to discuss the UK tax treatment of CERN pensioners, but the subject goes rather wider than purely CERN. I mention CERN only because I have two or three constituents who are quite exercised by recent changes.

George Osborne brought in a change to do away with the concession whereby people with foreign pensions were taxed on 90% of their income, pushing that up to 100% in 2017-18. That has had a material effect on several of my constituents, but there must be people who worked for a number of organisations who are affected by the tax change when they land pensions back into the United Kingdom. I shall talk a little about CERN, but also about one or two other international organisations, because the more I look into this issue, the more complex it becomes.

CERN was set up by UNESCO in 1954 as an international organisation, based in Geneva, to carry out fundamental research in high-energy physics. The UK was among its 12 founding members; today, there are 22 member states. The host nations are Switzerland and France, and most of those who work at CERN on a day-to-day basis live in either Switzerland or France, in or around the vicinity of Geneva. CERN served as a model for successful European collaboration, and several similar organisations, working in fields such as space research, have since been created, based on its structure.

On retiring, CERN staff receive pensions in Swiss francs. They are not ungenerous pensions—some are in six figures—because these people are extremely able, talented scientists who have committed themselves to science. CERN staff can either stay in one of the host states or move elsewhere. Many member states offer favourable tax treatment to attract such staff to their country. They range from Austria, which allows CERN staff to retire tax-free, to Spain, Malta and Sweden, where low rates have been negotiated, typically in the order of 10%.

The UK never gave any kind of special privileges to CERN retirees, but there was provision under our tax law that 90% of foreign pensions would be taxed. If someone is on a six-figure pension and the first £8,000 or £10,000 is disregarded, bringing them down in all the various tax brackets, that concession is worth having. CERN pensioners, who are particularly bright, have to decide where they are going to land themselves and their families when they have finished working. Many wish to move back to the UK, and they previously saw the UK Government's more modest concession as attractive enough for them to retire to places such as Poole.

I make one very important point about CERN pensioners: they have not benefited from UK tax concessions in any way. They do not get the 25% tax-free cash payment that a UK taxpayer gets. Effectively, they have earned their pension by working abroad for an international organisation in which we have a big interest. They have come back to the UK and then been given a slightly better tax position, probably in recognition of

the fact that many people who have foreign pensions do not benefit from the reduced rate available to those who contribute to pensions in this country.

Pensioners of other international organisations that are similar to CERN do receive special concessions from the UK Treasury. I understand that there are organisations that represent those who have worked for the UN, or its various agencies, and that discussions are going on about the appropriate rate. I also know that there are discussions about pensioners from the World Bank. A number of European organisations work under similar terms and conditions as CERN. Known as the co-ordinated organisations, they include: the Council of Europe; the European Centre for Medium-Range Weather Forecasts; the European Space Agency; the European Organisation for the Exploitation of Meteorological Satellites; the North Atlantic Treaty Organisation; and the Organisation for Economic Co-operation and Development. The International Service for Remunerations and Pensions, which is based in Paris, is responsible for the pay and rations of all those bodies. As I understand it, the civil servants who work for these co-ordinated organisations are taxed on only 50% of their salaries.

There are therefore examples of concessionary rates for organisations in which Britain participates, and my constituents have a very simple request: if the UK Treasury is not going to tax them on 50% of their income, which I somehow doubt that it will, they wish to go back to the 90% rate with which they were happy. Many decided to move back to the United Kingdom on the basis of that proposition. I stress that, because some of the pensions are high, over 20 years, the amount in question represents probably a couple of million pounds' worth of sterling. We should bear in mind that the money is landed back in the UK in Swiss francs, and that it is not only taxed but spent in the United Kingdom.

There is actually a very strong economic argument for making a pitch to people with good international salaries to come back to the UK to retire in order to feed the very important column that is UK invisible earnings. My constituents thought that they would be taxed at only 90%, but feel that the rules have changed, so they would like the UK Government to reconsider.

When I asked the House of Commons Library what happened to civil servants who retired from the EU, I was told very politely that the EU taxed them and kept the money. I am very surprised that Her Majesty's Revenue and Customs—it must be letting the side down—does not have any say over EU civil servants who retire back to the UK. I suspect that that is one of those fine points of detail that will be dealt with in the withdrawal negotiations. If those people were given a preferential arrangement, I would be extremely surprised if the UK Government were to change that and make those people's pensions taxable at 100%.

This complex area involves a number of tax treaties and several international organisations, all of which operate to a different range of rules. My essential point is that a few of my constituents who worked hard in the scientific sector and earned good pensions thought that they had a proposition that meant that they were taxed at 90%, but now feel somewhat aggrieved that the previous Chancellor has pushed their rate up to 100%. As I have said, that was not the most generous tax proposition—those of other countries are far more generous—but that rate was attractive enough to get

[Sir Robert Syms]

these people to move to places such as Poole. I hope that the UK Government will consider the options. Given that this is a complex area, I wonder if the Minister might be willing to meet me and a few CERN pensioners to discuss the matter more fully so that we can get to the bottom of whether they are being treated fairly and reasonably.

Finally, I congratulate the Minister on taking his post. He is among the Members on these Benches who I always thought was destined for high things. He had to start somewhere, and Economic Secretary to the Treasury is a fine and important post.

Kwasi Kwarteng (Spelthorne) (Con): Exchequer Secretary to the Treasury.

5.10 pm

The Exchequer Secretary to the Treasury (Robert Jenrick): I can always count on my hon. Friend the Member for Spelthorne (Kwasi Kwarteng) to put me in my place.

I thank my hon. Friend the Member for Poole (Sir Robert Syms) for highlighting this issue. I want to say how proud we are of the pioneering work carried out at CERN and of the work of all those who have retired and returned to the UK. Poole is a beautiful place to retire to, by the seaside.

It seems appropriate to be talking, if only tangentially, about CERN's work in the week in which we lost that great physicist, Stephen Hawking. One of the few scientific bets that he lost in his career was that the Higgs boson would never be found, so even somebody of his genius can get things wrong every now and again.

The Government are committed to a fair and consistent tax system. This is especially important in pensions, as the Government promote saving through tax incentives and allowances. We want those incentives to work and to be fairly distributed. My hon. Friend outlined the history of the issue before us today. As he said, the Government reviewed this regime at autumn statement 2016, and announced that the UK tax treatment of foreign pensions would be changed to be closely aligned with that of UK pensions. Following that, the Finance Act 2017 legislated so that, with effect from 6 April 2017, 100% of income from foreign pensions has been liable to UK tax; it was previously 90%. This aligns the tax treatment of UK pensioners with the treatment of those who earn their pension overseas, ensuring a fair system. At the outset when contributions are made towards a pension—whether that pension is UK or foreign—they are usually free of any tax paid in the UK. With this change, the tax treatment of contributions and payments are now consistent.

My hon. Friend raised a series of points on which I hope to provide some clarity. He was kind enough to speak to me before this debate and mention a number of international organisations where British citizens work and make a valuable contribution, including the OECD, NATO, the United Nations and others. My hon. Friend noted that pensioners from these international organisations or organisations of a similar type are reimbursed, for example, 50% of their income tax payments. It important to say that this does not arise as a result of

any country's tax rules. It is not because of a particular deal made by the United Kingdom with any of these organisations, but because of the specific provisions within the pension scheme of that international organisation.

It would be CERN's decision whether it wanted to make a similar provision in its pension scheme either for the future, or to reopen and reassess their past practice for CERN pensioners who had retired, were drawing on their pensions and are now my hon. Friend's constituents. Any payments received by UK residents are subject to UK tax, including reimbursement. That is the case for all international organisations. I will return to the EU, which, as is so often the case, has special treatment.

The UK only supports special tax treatment for international organisations when the employees have worked for the organisation in the UK, which I hope my hon. Friend will understand is a somewhat different situation for tax purposes. Aside from the EU, the UK has no bilateral agreements in relation to the tax treatment of international organisations with other countries. We do with the EU, which is our only exception, and that is common practice across the Union.

My hon. Friend mentioned international comparisons. We understand that other major economies are typically taking a similar approach to the UK with respect to taxing pensions. Countries such as France, Germany and Switzerland all tax occupational pensions such as CERN's and the foreign income of their residents. There may be other examples such as those that he raised and spoke to me about earlier. Of course, I am happy to look into that. It may be a topic that we could discuss were we to meet. Certainly, our major international competitors and the countries from which, one presumes, a majority of CERN's employees are drawn take an approach similar to the one that we have taken.

In our correspondence prior to this debate, my hon. Friend suggested that the Government could introduce a 25% tax relief on CERN pensions to mirror the tax-free lump sum. I understand that that would be an attractive proposition for CERN pensioners. However, the tax-free lump sum is not an allowance. If a qualifying lump sum is not paid, this relief is not available. These lump sums can be paid free of UK tax whether built up in a foreign or a UK pension if the qualifying conditions are met. Allowing for 25% tax relief outside of these circumstances would, we believe—I hope that my hon. Friend will understand this—undermine these qualifying conditions, which apply to all pensioners.

I hope that my comments have at least explained the rationale behind the Government's policy. I appreciate the concerns that my hon. Friend raises. I assure him that the Government have not sought to target individuals unfairly or to impact on the work undertaken by those at CERN or, indeed, by any other of our citizens who choose to live and work abroad. As he says, this is an incredibly important and increasingly prevalent aspect of the modern labour force, with increasing globalisation and a global market for the most talented individuals, certainly in the scientific and research world.

The changes we made in 2017 stopped people from transferring their pensions abroad to avoid UK tax. That was a consideration, but it was not the primary motivation. Our primary motive was to do this as part of a wider move towards consistency and fairness in pensions and taxation. The Government recognise that

those in receipt of foreign pensions do face additional costs in accessing their pension. That was the original motivation behind the 90% rate that was introduced, I believe, in the 1970s. However, we have taken the view that it is not for Government to compensate these individuals for their choice to work outside the UK or to enable them to use this as a UK tax break. It is the Government's role to encourage a fair and sustainable tax regime in the UK. The changes that we made have equalised the system, from which only overseas-based employees were previously able to benefit.

I again thank my hon. Friend for raising this issue. I also thank his constituents and others who may be paying attention to this debate for the ground-breaking work that they have done at CERN, which the Government and, I think, all Members are rightly proud of. We are proud that UK citizens have played a part in that and that they have chosen to return home to the UK for their well-earned retirement. The Government are delighted to welcome home British expatriates who have worked abroad to spend their retirement in places such as Poole. We recognise that that plays an increasingly important part in our economy.

I hope that my hon. Friend's constituents will appreciate the Government's rationale for making these changes over the past few years. We took a decision to treat all UK pensions consistently. Such judgments are difficult ones, and do involve winners and losers, but we appreciate the views of his constituents, and I would be happy to

meet him and them in person, if it would help to further the conversation, and to listen to their specific concerns and see what, if anything, we can do.

Sir Robert Syms: I thank the Minister for that offer. This is a complex area, and I think that my constituents would be grateful for at least a brief meeting just to go through some of their concerns, outside the public spotlight.

Robert Jenrick: I thank my hon. Friend. This is a complicated area. I hope that my comments today have provided some answers to him and his constituents, but of course I would be happy to meet him and to bring along Treasury officials, who might be able to shed further light on this matter and answer their questions in greater detail. They are understandable and important questions, because they concern the financial security his constituents can enjoy in later life.

I hope that this evening's debate has provided some answers and that the meeting that follows will provide more. We believe that the previous approach was fair. It was driven by a desire for consistency and fairness for all British pensioners, and we hope that right hon. and hon. Members can support that as a principle. Once again, I thank my hon. Friend for raising this important matter.

Question put and agreed to.

5.20 pm

House adjourned.

Westminster Hall

Thursday 15 March 2018

[MRS MADELEINE MOON *in the Chair*]

BACKBENCH BUSINESS

Psychosis: Early Intervention

1.30 pm

Norman Lamb (North Norfolk) (LD): I beg to move,

That this House has considered access and waiting time standards for early intervention in psychosis.

It is a great pleasure to serve under your chairmanship, Mrs Moon, for what I think is the first time. I thank the Backbench Business Committee for facilitating this debate on an issue of real importance and something I care about a lot. I will start with the origins of early intervention in psychosis and then raise my specific concerns about the progress made under the Government's programme.

The approach dates back to the 1990s. In 1999, the Labour Government decided to give a significant national push to the development of early intervention in psychosis services. There was a mental health policy implementation guide of that date, and at that time the service was to focus on those aged 14 to 35, the years when psychosis was most likely to emerge. Once an individual started their treatment, there was to be a three-year programme. Critical to that was small case loads, so that the professionals in multidisciplinary teams could work closely with the individuals involved. It also involved family interventions. In a 10-year period, the national case load grew to 22,500 for what was widely seen as a valuable innovation.

The National Institute for Health and Care Excellence review of psychosis and schizophrenia in 2014 concluded that early intervention services,

"more than any other services developed to date, are associated with improvements in a broad range of critical outcomes, including relapse rates, symptoms, quality of life and a better experience"

for service users. I will return to that later, but an excellent annual report by the Southern Region EIP programme—for the south of England—specifically highlighted the impact on employment rates. When these services have proper investment, people who experience a first episode of psychosis can often be got into employment or education at far higher levels than has traditionally been the case with generic mental health services. That is an enormous prize to be won, when we think about quality of life and sense of self-worth, and indeed the cost of the condition to the state—so, lots of praise for the impact of early intervention services.

The Schizophrenia Commission said that early intervention services were the "great innovation" of the last 10 years, referring to multidisciplinary working, recovery ethos, co-production, working with people with the condition and achieving high standards. Professor Louis Appleby has described the service as the

"jewel in the crown of the NHS mental health reform because...service users like it...people get better"—

that is important—and

"it saves money",

which is also critical.

On that point, we know from analysis that for every £1 properly invested in early intervention in psychosis, there is a return of £15 over subsequent years. Of course,

one of the complications is that the return is not just concentrated in reduced use of the NHS, but comes through getting people off benefits and into work, bringing in tax revenues and reducing the number of people who end up going through the criminal justice system. For all those reasons—the impact on individuals and the extraordinary return on investment—this seems like a very good thing to do. However, as the NHS's finances started to get tighter, there was clearly disinvestment in many places—it varied around the country, but it was happening.

My insight, as Minister responsible for mental health from September 2012, was that two particular elements of the way that the NHS works end up massively disadvantaging mental health. First, there are a set of politically demanding access standards in physical health, such as the four-hour A&E standard, the cancer waiting time standards and the 18-week referral to treatment standards. I do not know if it still happens, but in my time at the Department of Health, every Monday morning all the great and the good of the NHS sat around the Secretary of State's table with a spreadsheet for every hospital in the country, looking at performance against those waiting time standards—in physical health. There was nothing for mental health—a complete imbalance of rights of access.

Then there is payment by results, which is actually payment for activity. It means that when patients get referred to an acute hospital, that hospital receives more income. There have been adjustments and reforms over the years, but the basic principle of incentivising activity in acute hospitals, which is not matched in mental health, combined with those exacting access standards, puts enormous pressure on the system to drive people into acute hospitals to meet those standards. That has the effect of sucking money into acute hospitals. Even during the last five to seven years of tight finances in the NHS, income for acute hospitals has continued to increase, but income for mental health and community services, which do not have those financial incentives, has stayed level or, in places, decreased.

I felt we had to start addressing those perverse incentives that were disadvantaging mental health, which amount to discrimination against people who experience mental ill health. Why should the treatment for someone who experiences psychosis be in any way inferior to the treatment of someone suffering from cancer or any other physical condition? In 2014, we decided across government to publish a vision called "Achieving Better Access to Mental Health Services by 2020", a joint publication by the Department of Health and NHS England. The vision was to achieve comprehensive maximum waiting time standards in mental health by 2020—if only. The plan was to start with two standards: a six-week standard for access to the IAPT—improved access to psychological therapies—service and a two-week standard for early intervention in psychosis.

Critically, this was not just a two-week standard. When the Government report on whether they are meeting the standard, the focus tends to be on whether more than 50% of people start their treatment within two weeks, which was the standard set at the start. However, the standard was in two parts: to start treatment within two weeks and then to have access to the full evidence-based, NICE-approved treatment package. I will

[Norman Lamb]

focus on that element because, depressingly, evidence shows that the system is falling far short of what it should be doing.

I want to focus on a freedom of information survey conducted over this financial year to try to establish the position across the country, looking not just at how long people wait but, critically, at whether they get access to the full evidence-based treatment package. The evidence that emerges from that survey is deeply disturbing. First, only 29% of trusts across the country stated that they were meeting the full NICE-approved, evidence-based treatment package. That is 29% on a standard that the Government say is being met. It is not being met. Even 29% is generous, because within that I think there were two trusts that were delivering the service only up to the age of 35, whereas the standard says that people up to the age of 65 should be included. Across the country, people are simply not getting access to the evidence-based treatment that we know works and delivers such an extraordinary return on investment.

I suppose I would put it this way. Can we imagine a cancer service saying to patients, "We'll give you half the chemotherapy or radiotherapy treatment," or, "I'm sorry, but there are no professionals available to deliver this part of your treatment"? There would be an outcry. It would be impossible for the Government to get away with it. The *Daily Mail* would be apoplectic. We know that the result would be that the standard would be met, one way or another—but here, day by day across the NHS, this standard for mental health is routinely being missed in a wholly unacceptable way.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I thank the right hon. Gentleman for his important speech and his comments. Does he agree that there is a particular challenge in mental health, in that, in the wake of the Health and Social Care Act 2012, parity of esteem is enshrined in law, and we should be not just aspiring to, but achieving equality for mental health? This is just another indicator of how far we are from achieving that goal.

Norman Lamb: I totally agree. The 2012 Act is clear that there should in effect be equal treatment between mental health and physical health, but the evidence shows it is not being delivered. I fully understand that it takes time to get there with a new programme, but it is the way it is being implemented that gives me greatest cause for concern. I will focus on how we are falling short of that standard.

In the south region, there is a brilliant programme; it is always important in these debates to recognise that there are sometimes areas of fantastic practice that should be applauded. In the south of England, an amazing woman called Sarah Amani is the programme manager, and there is a full implementation programme. My argument to the Minister is that what is happening in the south should be happening everywhere. The programme produces annual reports, so it is completely open and transparent about the progress it is making and the obstacles that lie in its way.

I should have mentioned that our survey showed that across the country not much more than 50% of the total amount that NHS England says must be invested per

patient is being spent per patient on delivering the service. If we are only spending a bit more than 50% of the amount we need to spend, it will fall short. What NHS England in the south is doing is admirable. It highlights that in many areas things have improved over the last year in its region, because it is driving that, but it also says:

"There is four-fold variation between the most and least funded EIP teams in the South of England."

A fourfold variation would never happen with the cancer service. Furthermore:

"None of the providers have investment recommended to provide a NICE concordant package of care".

In the best region of the country, no provider is meeting what it needs to spend to deliver the full package of care.

On workforce, the report says:

"Recruitment has been in part hindered by lack of extra investment and compounded by a national reduction in the number of qualified staff, particularly nurses".

On intelligence, it says:

"Although all mental health providers use Electronic Health Record (EHR) systems, the majority (13 out of 16) of providers have yet to automate reporting, resulting in clinicians having to manually troll through whole caseloads for multiple data requests."

In this day and age, that should not be necessary. There should be a system across the country to enable us to monitor performance against that important standard. When we go through the elements of the NICE-approved treatment package, such as cognitive behavioural therapy for psychosis, across the best region in the country there is enormous variation in the amount of therapy available to people. Some trusts provide what is required, but most fall short.

If we then look at comprehensive physical health checks, there is a target of 90%. We know that people with severe and enduring mental ill health die 15 to 20 years younger than other people, and that part of that can be addressed by having physical health checks. There is a Commissioning for Quality and Innovation standard established for 90% of people with severe and enduring mental ill health to have physical health checks. Across the south of England it is 56%, not 90%. Individual placement and support is a critical element of getting into work, with loads of evidence to support its effectiveness; 30% in the south of England have access to individual placement and support. Going back to what I have said, we must look at the results that flow if we make the investment. It is not only morally wrong but economically stupid to avoid making that investment.

I come now to the evidence on outcomes. The programme can show that where it does the work, hospital admissions are substantially reduced. The evidence is clear for anyone looking at the report to see. The report then looks at employment and education, where it is achieving substantially better rates of employment than generic mental health services, at 46%. Fascinatingly, it even analyses the relationship between investment and outcomes, so it can show that the more we invest in these evidence-based interventions, the better the outcomes. What a surprise: more people get into work, more people get into education and lives are transformed.

The report then talks about securing investment. Bear in mind that I am not quoting a politician but an internal document, led by the Oxford Academic Health Science Network:

"If the Five Year Forward View commitment of £40 million for EIP teams in 2015-16 had been honoured, EIP teams in the South of England would have seen a total growth in budgets of around £15 million. Instead, in 2015-16 the South region EIP teams saw a meagre increase of £3 million."

That is £3 million instead of £15 million. The report continues:

"Between 2016-18, this trend of lack of investment has continued with a £3.5 million increase in EIP team budgets compared to the £15 million that was expected. Of the 16 providers delivering EIP in the South of England, none have the £8,250 investment per patient recommended to deliver a NICE concordant package of care. The South of England has a poor track record of investment in EIP services".

That is the best region in the country. It leaves me feeling frustrated that such a prize—such an opportunity—is being squandered through lack of investment and lack of effective implementation.

I then look to the midlands. I have received an email from someone who is working on early intervention in psychosis in the west midlands, which reads as follows:

"There is wide variation in service quality, data reporting, outcomes, resourcing and resource allocation. This has not been made public, presumably because it is politically inexpedient to do so...Many trusts have chosen to disband EIP teams as a cost saving exercise (in Nottingham), or to allow caseloads to rise from 1:15 to 1:30"—

the whole essence of this approach is low case loads, so that people can get the personal attention that they need—

"not provide enough of the NICE mandated therapies, to not appoint psychologists or enough support workers, leading to expensive but ineffective teams...There is currently no governance or accountability in place, which enables the triangulation of proper resources, recommended service levels and outcomes."

No governance or accountability in place across the midlands. That leaves me totally bewildered. Would this ever have happened when they implemented the cancer standards in the last decade? Of course not. Yet that is what has happened.

"There are systems in place in the north...and in the south...to provide the mechanism by which the accuracy of data, resourcing, services and outcomes can be verified and addressed...The Midlands region of England (west, central, east midlands, and East of England) are the only areas without any established regional development programmes and therefore have no reliable mechanism to prevent the inexorable decline of standards in EIP."

That is from the frontline and, it seems to me, ought to be taken extremely seriously.

In a presentation given recently in February, in the west midlands, a west midlands clinician said:

"We are really struggling to provide an EI service that meets the NICE quality standards. Most of the focus of the Trust has been on meeting the two week access standard, which we have done most of the time. We did get some additional money, but it was non-recurring. Caseloads are way above the national average and we are really struggling".

It then goes through the various elements of the NICE-approved programme.

"Referral rates are very high and we are discharging people sooner than we should."

That should not be happening in a programme that the Government ought to be really proud of. It is a gem that ought to be nurtured and developed in order to get the very best from it.

When we published the survey that we did earlier this year, the response from NHS England was deeply disappointing. The official was quoted as saying:

"10,000 people each year are now receiving treatment through the early intervention in psychosis programme, with over three-quarters of patients getting treatment within two weeks...The analysis inevitably gives only a partial and dated picture of progress in these services."

Well, I do not think that public bodies should be making misleading statements like that, because the analysis was full and complete across the whole country. It was not dated in any way. But this quote from NHS England—an anonymous quote—was designed to discredit the analysis. Rather than discrediting the analysis, it seems to me that a public body should be acknowledging the problem and addressing how it will try to solve it. This sort of denial approach is unhelpful. I wrote to the UK Statistics Authority, because I think it is inappropriate for public bodies to respond to analyses in that way.

Before I finish I want to deal with some asks of the Government. This is part of the five-year forward view. The Government have stated that it is a clear priority, so I want the Government to make it a priority. I want the Government to look at the implementation of this programme and to recognise that in some regions, nothing is happening to drive the implementation of these national standards. Personally, I think that it is intolerable that someone with psychosis in Dudley, in the west midlands, gets a raw deal compared with someone in the south of England, but that is what is happening now, because NHS England has no implementation programme in the west midlands, or across the entire midlands, including my own region—the East of England.

First, it needs sufficient investment. Given that there is a return on investment of £15 for every £1 spent, my plea to the Government is to make the investment because they will see a return on it, and benefit from improved employment rates and everything else. Secondly, address the staff shortages that are clearly—according to our survey—holding back services all over the place. It really means that Health Education England needs to create a credible plan to address the workforce shortages in early intervention in psychosis services, so that no area falls short because it cannot recruit the right people to deliver the service. Again I ask, would it happen in cancer? Of course not.

Thirdly, end the outrageous age discrimination. A quarter of the trusts that responded to our survey still have a limit of 35 on the service that is delivered, which means that anyone over the age of 35 is not getting access to the evidence-based treatment programme. Fourthly, get back on track with the two-week standard. We are also seeing that even though the standard is being met, the performance is deteriorating. The figures for early this year are worse than the whole of last year, suggesting increasing pressure on services around the country. That is important for the Government to address as well.

Fifthly, the standard applies not only to people who experience a first episode of psychosis, but to people who are at risk of psychosis; but many services simply say, "We don't deliver a service to those people." Of course, that is the best early intervention. If we can intervene before the psychosis has occurred, everyone benefits massively, particularly the individual concerned. In many areas, though, there is simply no service, despite the standard being very clear about what is required.

[Norman Lamb]

Sixthly, the Government need, as I have said, to fund implementation programmes for every region, modelled on the plan and programme in the south of England, so that everywhere gets access to the same level of service.

Finally, our vision of comprehensive maximum waiting time standards in mental health by 2020 was published not just by Lib Dems, but by Conservatives. It was the Government's vision. The point of it was to end such discrimination in a publicly funded service. It is not justifiable to have rights of access to treatment for physical health services, but not for mental health services. Why should people be left waiting, sometimes for months on end, for access to treatment? Treatment should be based on evidence and clinical need. But that vision, it seems to me, although included in the "Five Year Forward View", is not being funded. There is no resource available to implement it. So my plea to the Government is: return to that vision. It was a good vision in 2014.

I will end by making this point: nothing that the Government could do would have a bigger impact on the wellbeing of our communities than to end the under-investment in mental health services. The best example, where the evidence is at its strongest, where you can reduce the flow of people into long-term support from secondary mental health services, is early intervention in psychosis services. There is an enormous prize to be had, but it needs investment and attention, which is lacking at the moment.

1.58 pm

Dr Paul Williams (Stockton South) (Lab): It is a pleasure to serve under your chairmanship, Mrs Moon. I congratulate the right hon. Member for North Norfolk (Norman Lamb) on securing this debate. It is a subject that we are both passionate about, as are many people in this room. I pay tribute to the commitment that he made to mental health services during his time as a Minister and beyond.

Psychosis can be a terribly destructive condition. When it starts in adolescence, as it does for most people, people can lose out on schooling, relationships with friends and family are strained and the foundation on which the rest of people's lives will be built is severely tested. Psychosis is not just about the symptoms—the delusions, hallucinations and suspiciousness that people feel. It is a social condition too. It often leads to a withdrawal from society—avoiding friends, avoiding leaving the house, losing schooling and losing work—and that is why it is such a pernicious condition. It can harm somebody's life chances. It is a condition that leads to lost opportunities.

I am pleased that the right hon. Gentleman has drawn parallels between psychosis and cancer. We have not conferred, but I am also going to do so. We see how good cancer services are. It is important to have that comparator and to hold mental health services to the same standards as physical health services. We should think about psychosis in the same way as physical health services think about cancer. As soon as somebody shows signs of psychosis, they should have rapid—two-week—access to expert diagnostics. If the diagnosis is made, it is right that they get a superb package of care to give them the best possible chance of recovery. That care includes psychological therapies, medication, help with their physical health and, of course, rehabilitation.

If somebody receives that rapid package of care and support, there is half a chance that they will get back into education, employment or an apprenticeship. The rest of their life will be radically different. However, if they do not get that care, support and treatment, the figure for that drops to between 7% and 12%. That is what happens to people who do not get that package. If there was a pathway for cancer that improved survival and recovery from 10% to 50%, we would all know about it and fight for it. I am pleased that within this room there is the same passion and commitment to early intervention in psychosis.

The right hon. Gentleman outlined some of the costs to society of untreated and unmanaged psychosis, but I have a few things to add. Some 65% of all admissions to in-patient mental health units are for psychosis. The police spend increasing amounts of time detaining people under section 136, many of whom have psychosis. A lot of homelessness is associated with psychosis, and many prisoners have or had psychosis. As well as costs to society, there are also big costs to the individual. A person with a severe mental health problem such as psychosis will die, on average, 20 years younger than someone who does not. They are not dying of the psychosis; they are dying of physical health problems that are caused by their underlying mental health problems.

It is important that we are having this debate, but it is unfortunate too. In September 2016, the right hon. Gentleman led a similar debate on this very subject, and 18 months on we are learning that many of the things raised in that debate are still not happening. During that debate, the then Minister said:

"To improve access to NICE-recommended psychological therapies, we have to ensure that there are the staff numbers and the appropriate skills mix to deliver the full range of treatment to those who need it."—[*Official Report*, 7 September 2016; Vol. 614, c. 163WH.]

Yet the survey conducted for the right hon. Gentleman's recent report highlighted some worrying trends around resources and staff numbers. Many patients are not receiving the full range of treatments and interventions that should be included in the specialist EIP care package. Many trusts say that they simply do not have the staff and resources to meet demand.

I return to the analogy with cancer. The Government's ambition is that 50%, rising to 60% by 2020, of people aged 14 to 65 experiencing a first episode of psychosis should have access to a NICE-compliant care package. If we were to replace the word "psychosis" with "cancer", there would be outrage at that target. Why should it not be 90% or 95%? Why should the ambition not be 100%? If we were talking about cancer, we would already be hiring the radiologists, laboratory scientists, surgeons, nurses and technicians that we need for the pathway. I want to give credit where credit is due. Setting a 50% standard is at least a step towards achieving parity of esteem, but that ambition is clearly not yet a reality.

NHS England's data show that more than 60% of patients start treatment within two weeks of referral. However, if we look at the data in a different way and ask people who have started treatment how long they waited, the figures paint a very different picture. In January 2018, even though 722 patients had started treatment within two weeks of referral, 1,344 patients were still waiting to start treatment, and more than 700 had been waiting more than two weeks. We are

talking about figures, but those figures represent people—more than 700 people who were waiting in January of this year. Often these are young people who are not going to school because of new mental health problems that could be managed. During that time relationships are breaking down, people are losing their jobs and people's life chances are being harmed.

There is regional disparity as well. The north of England, where my constituency of Stockton South is, has the lowest proportion of pathways completed within two weeks of referral and the highest number of total referrals still awaiting treatment. It seems that we have not yet put sufficient resources into our mental health services for the psychologists, occupational therapists, mental health nurses and care co-ordinators who are important to implement this pathway. I have to say that the staff who are working in this area are doing amazing work and transforming lives. I would like to thank them for what they do, but this now needs to be taken to another level and delivered to a much greater scale.

The right hon. Gentleman's research shows that mental health trusts invest, on average, just half the amount that NHS England estimates is needed to provide EIP in line with NICE guidelines. As he stated, only 29% of trusts say that they are able to offer their patients the full NICE package of care. I urge the Minister to acknowledge that service providers still have ground to make up, and to recognise that they need greater support and resources to do so.

I really hope that the Minister responds with a plan to make things better for the people who we all know are still not getting the service that they need. I have no doubt of her personal commitment to improving mental health services, but she must match rhetoric with ensuring that commissioners are actually putting significant amounts of extra money into mental health services on the ground, and that providers are turning that cash into services that meet the needs of these priority patients. If this were cancer instead of psychosis, we would be doing it—let's make parity of esteem a reality.

2.7 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mrs Moon. I congratulate the right hon. Member for North Norfolk (Norman Lamb) on proposing this debate to the Backbench Business Committee—a proposal for which I was a signatory—and securing this important and timely discussion.

The right hon. Gentleman and I have shared many platforms in supporting joint campaigns, and we have debated often the state of our mental health services. We have come to expect from him a level of forensic detail, commitment to improvement and genuine compassion for those with severe mental illness, and today he has not disappointed. We may have very small differences in approach or policy, but he and I share a big-picture commitment to world-class mental health services in this country; to genuine, tangible parity of esteem—real equality—between physical and mental health services; and to a transformation in the way that we view mental illness, talk about mental illness and treat those with mental health conditions.

As with many other forms of mental illness, all the experience and evidence point to the fact that the best time to intervene in cases of psychosis is as soon as possible. The work of Professor Patrick McGorry in

Australia and proponents of early intervention in the UK clearly shows that early intervention can have a huge impact on the health of the individual patient, with more chance of them living with conditions in a managed way and ultimately more chance of their recovery.

I echo some of the right hon. Gentleman's points about the benefits of getting back into employment and the importance of accessing individual placement and support. That is a well-evidenced measure that has already made a tangible difference to many people living with mental ill health. I will reflect on the experience in my area, Merseyside, where Mersey Care provides the majority of mental health services, including early intervention in psychosis. It did an audit of all the patients that it looks after in both the community and in-patient services. It is staggering that just 3% of their patients are in any form of employment. If we compare that figure with people in physical health services, the inequality—the massive disparity—when it comes to mental health is a great concern. That strikes at the heart of the issues that we are discussing.

It should not surprise hon. Members that the earlier we treat any condition, be that a mental or physical health condition, the more likely we are to get a positive result. In terms of system reform in the health service, early intervention clearly fits into the mantra of prevention being better than cure. I have said it before, but I will say it again: if people are not convinced of how important this is by the moral and social reasons, the financial and economic consequences of not contending with mental health sooner should be enough.

For the NHS to be sustainable in the long term, when it will increasingly have to contend with lifestyle-related diseases, we need a seismic shift from treating diseases and conditions when they present in crisis in their most acute forms to a system that allows us to detect them in their earliest stages, to manage them with early interventions and to do everything to avoid certain conditions in the first place, although that is not always possible. That is as true of mental illness as it is of cancer, cardiovascular disease and coronary heart disease.

The issue is not just health outcomes, but the impact that psychosis has on the totality of an individual's life and their opportunity to be involved in education, employment and training, to maintain relationships with family and friends, to own a home or maintain a tenancy, to be able to go to work and to not be in our criminal justice system. Those outcomes have far-reaching and long-term consequences that are not contained solely within the Department of Health and Social Care, although a Health Minister will respond to today's debate.

With that in mind, in February 2016, the Labour Front Bench, including me as the then shadow Minister for Mental Health, welcomed the inclusion of the access and waiting time standard for early intervention in psychosis in "The Five Year Forward View for Mental Health". The commitment was that NHS England should ensure that by April 2016, 50% of people experiencing a first episode of psychosis had access to a NICE-approved care package within two weeks of referral, rising to at least 60% by 2020-21.

It is important to reiterate that laudable target and ambition. It was modest, but it was an important first step and it was welcomed across the House, so it is with heavy hearts that we review progress since then, and

[Luciana Berger]

realise that the system is failing to reach the target stipulated in the “The Five Year Forward View for Mental Health”.

Once again, we should recognise the detailed work of the right hon. Member for North Norfolk in unearthing the emerging picture from across the country. Every Minister’s worst nightmare is the ex-Minister armed with the tools of freedom of information requests and parliamentary questions, and who knows the darkest secrets at the heart of the Department.

We now know that the access and waiting time standard for early intervention in psychosis is not being met. Too many providers cannot offer the full NICE-approved package of care. There is variation across the country, with, as ever, the poorest people in the poorest parts of the country receiving the poorest levels of service. That real inequality is a social justice issue.

I echo the concerns expressed by my hon. Friend the Member for Stockton South (Dr Williams) about the figures for his constituency in the north of England. The north of England commissioning region has the lowest proportion of completed pathways and the highest number of total referrals still awaiting treatment—two thirds. That should be a serious concern for us all. The inverse care law, first identified some 40 years ago, is alive and kicking when it comes to mental health services.

The latest picture published by NHS England shows that far from the steady progress we all desire, the proportion of patients in the early stages of psychosis that started treatment within the two-week target was lower in January than it was in May 2016. In the first 10 months of 2017-18, 9.1% fewer patients started EIP treatment within the two-week target, compared with the first 10 months of 2016-17.

Behind those figures, as other hon. Members have indicated, are real people who are suffering the early manifestations of psychosis, which can be extremely disturbing for them and for their friends and family. I have had the privilege of visiting a number of in-patient units, not just in my constituency but across the country, and I have heard first hand about patients’ experiences. The longer they have to wait, the greater the negative impact can be on their condition and on their chance of recovery.

The Royal College of Psychiatrists points out that if people do not receive help early enough, they are more likely to experience poor physical health, lower levels of social functioning, and poorer occupational and educational outcomes. That is a serious concern for us all, which is why we are here this afternoon.

We also have to think about what happens in the future. I am grateful to YoungMinds for its analysis of the sustainability and transformation partnerships, due out next month, which shows that less than a quarter of STP plans demonstrate an explicit commitment and clear plan to meet the EIP target for 2020-21. It is not just about what has happened in the past and looking at the results retrospectively, but about what will happen in the coming years. The Government have endeavoured to have STPs, and the EIP target should be at the heart of what they are doing. Unfortunately, it is not, despite the fact that the implementation of that waiting time target is one of the nine requirements for STPs, as set out in the NHS planning guidance.

I will turn to an area that is of particular interest to me. In the year since the birth of my child, I have been even more aware of the need to support the mental health of new mums. Around 85% of new mothers experience some change in their mood, and for around 10% to 15% of them, that might mean more serious symptoms of anxiety and depression. More than 1,400 women experience post-partum psychosis each year in the UK, which is between 1 and 2 in every 1,000 mothers. I was struck that a woman is between 30% and 40% more likely to experience a period of psychosis in the year after childbirth—more than at any other point in her life.

Post-partum psychosis can take many forms, including hallucinations, depression, delusions and mania. It can be extremely distressing for mothers, their partners, their wider families, and of course, the child. I have had the opportunity to visit two mother and baby units across the country to hear from mums first hand. The condition does not discriminate. It can affect women of any background, colour and income, and it can have serious and far-reaching consequences.

The National Childbirth Trust, the Maternal Mental Health Alliance and others have specifically highlighted the paucity of provision of mental health services for new mothers and the effectiveness of the six-week check in identifying the early stages of mental ill health, including psychosis. In the mix of the debate, I hope the Minister will be able to comment on that.

Dr Paul Williams: I, too, have read the National Childbirth Trust’s report, “The Hidden Half”. It says that despite it being a vulnerable time for women, more than half of women who experience post-natal mental health problems say that they were not asked about them by any health professional. Will my hon. Friend join me in calling for that to be added to the GP contract so that GPs routinely provide a six-week check for the mother, as part of the six-week check for the baby?

Luciana Berger: I thank my hon. Friend for raising that important report and the campaign, which I have considered as well. The National Childbirth Trust makes an important point about the connection that GPs have with new mums and their babies. I recall that my GP did ask me about my mental wellbeing and how I felt, but that is not the case for every mum. It is something that we should consider, along with ensuring that every contact counts when it comes to new mums and their babies—be that with the health visitor, a midwife who might come to the home or someone in the hospital. We need to look at the whole spectrum of engagement to ensure that we consider the mental health of mum and baby every step of the way.

I mentioned mother and baby units, which are incredibly important. For anyone who does not know, they are an opportunity to ensure that if the mum is experiencing a period of psychosis or another serious mental illness, they are still able to be with their child. The units offer extremely specialised care and incredible attention from clinicians, who do a remarkable job of ensuring attachment so that mums are not disconnected from their babies, even if they have to be moved across the country.

Mother and baby units are very important for recovery rates. I have asked several parliamentary questions about them, but I want to ask more in the context of this

debate because of their importance to mums who experience post-partum psychosis. In January, I asked the Secretary of State, in a written question,

“how many mother and baby beds commissioned by NHS England Specialised Services in 2016/17 are (a) available and (b) in use.”

I asked that because although we know that beds have been commissioned, it is not clear whether they are available or in use. The figures that I received in response to a previous question showed a decrease of one in the number of beds available across the country since 2010. I ask the Minister the same question again, publicly, because her response in January was:

“The information requested is not available.”

I do not think that it is a difficult question to answer. In the context of this debate, it is a very important one, so I hope the Minister's officials will provide her with an answer today. Post-partum psychosis, no less than any other kind, requires early identification and early intervention, but we are not doing enough to treat or support post-partum psychosis alongside other forms.

Let me conclude with some brief questions that I hope the Minister will address. First, what steps is her Department taking to address mental health inequalities and the waiting times postcode lottery, particularly in cases of early episodes of psychosis?

Secondly, how can the Minister guarantee that money allocated for mental health services is actually reaching the frontline in all the areas in which it is needed? There are many examples of mental health budgets being raided to pay for other parts of the NHS.

Thirdly, does the Minister agree with the Royal College of Psychiatrists that we need to improve the financial data available for early intervention in psychosis services? Without it, we cannot be sure that services are properly investing in EIP.

Fourthly, does the Minister believe that frontline mental health services have adequate numbers of staff—including psychiatrists, mental health nurses and therapists—to meet the targets set out in the five year forward view? I echo the praise of other hon. Members for our frontline clinicians, who do an incredible job under very challenging circumstances but are severely stretched, as we hear time and again. They cannot meet the workforce challenge alone.

Lastly, what steps will the Minister take to drastically improve early intervention in cases of post-partum psychosis, especially at the six-week check for new mothers, so that we can support women in the first weeks after the birth of their baby?

I congratulate the right hon. Member for North Norfolk again on securing the debate. Let us hope that our deliberations this afternoon will lead to concrete improvements and swift action from the Government to prevent unnecessary psychosis, intervene early to prevent unnecessary suffering, and help as many people as possible across the country towards a meaningful path to recovery.

Mrs Madeleine Moon (in the Chair): I will call the first Front-Bench speaker at 2.30 pm.

2.23 pm

Helen Whately (Faversham and Mid Kent) (Con): I have been trying to think about how to put the experience of psychosis into words. Having observed it rather than experienced it personally, I suspect that I will not do it

justice. From my observation, however, it is a devastating thing to experience: it is debilitating, frightening, bewildering and enormously destructive to someone's life, aims and prospects. Its impact on people's lives is severe, as other hon. Members have described.

In the past, a diagnosis of psychosis was essentially a life sentence, but now early intervention and treatment can lead to recovery. People can get their lives back on track—we are not in the dark old days when if someone had a mental illness, that was it. People can and should recover, but getting early treatment is crucial.

I will be brief, not only because you said that the winding-up speeches would begin at half-past 2, Mrs Moon, but because the issue has been covered comprehensively by the right hon. Member for North Norfolk (Norman Lamb), who has such huge knowledge and has clearly done an enormous amount of groundwork; by the hon. Member for Stockton South (Dr Williams), who brings to the debate his expertise as a doctor; and by the hon. Member for Liverpool, Wavertree (Luciana Berger), who does a huge amount of work in the area. I will therefore make only three points.

First, I express my appreciation to the Government, and to the Minister, for their enormous commitment to mental health and their huge focus on improving mental healthcare, achieving parity of esteem and ensuring that far more people have access to treatment, starting from a really low base. They set out that commitment in the “Five Year Forward View”, the most comprehensive strategy for mental health, and have demonstrated it with an increase in mental healthcare funding and with greater transparency. The fact that we can even have this debate, and that there are targets for waiting times and access to mental health, represents great progress from the time described by the right hon. Member for North Norfolk, when targets and transparency were making a huge difference to the quality of physical healthcare but there was no information about the quality of mental healthcare or access to it. We now have a developing, albeit early, set of data about access to mental healthcare. There is a long way to go, and that includes getting much more data about progress through treatment and outcomes, but the access data has at least given us a start. I welcome the fact that we are in a better place with mental healthcare, and that there is a great commitment to improvement.

My second point, however, is about the worrying trend in the treatment of people with psychosis. The direction of travel seems to be towards a decline in early access to treatment—not just in percentage terms, which could be explained by rising demand, but as an absolute number. The data cited by the right hon. Member for North Norfolk shows the gap between the treatment that some patients receive and the full recommended amount. A large number receive only some treatment, so we cannot hope for the recovery and outcomes that the full NICE-recommended package would offer.

My third point is that we need to know the reason for this worrying trend, which goes against our ambition to treat more people and help them to recover, and against the Government's commitment to mental health. What is going on? Why do we appear to be going in the wrong direction? We have heard some possible reasons this afternoon, including lack of governance and accountability; lack of focus in many parts of the country, although there is clearly huge variation; underfunding of treatment

[Helen Whately]

packages, despite the overall backdrop of more money going into mental health; and shortage of workforce. Under the “Five Year Forward View”, there were meant to be 60 extra psychiatrists to provide early intervention in psychosis, but it is not clear—perhaps the Minister will tell us—whether those posts have been filled. It is clear to all hon. Members who work on mental health issues that the workforce is facing a huge challenge in recruitment and retention.

Is there a lack of ambition to provide early access to treatment for psychosis? Even achieving the 2020-21 target of 60% would leave 40% of people without much-needed treatment; we could argue that that is too low an ambition, especially as we know how effective treatment can be. I welcome the Government's commitment, but it is worrying that the direction of travel seems not to be positive, so it would be extremely helpful if the Minister gave us some insight into what is going on and what steps are being taken to ensure that people get treatment that works.

2.29 pm

Neil Gray (Airdrie and Shotts) (SNP): Thank you for calling me, Mrs Moon. I should perhaps have said earlier that I would take only a short amount of time in my winding-up speech, particularly as we are discussing a devolved issue. I hope that the hon. Member for Faversham and Mid Kent (Helen Whately) did not have to cut what was a very good speech short. I should perhaps have indicated to you, Mrs Moon, that I only intended to take a short amount of time, to enable everyone to get the full coverage.

It is a pleasure to speak with you in the chair, Mrs Moon, on this very important subject. I congratulate the right hon. Member for North Norfolk (Norman Lamb) on securing the debate and pay tribute to his awareness-raising and campaigning work on this important issue over a great number of years, as has been mentioned. I also commend him for his detailed and comprehensive speech and, as I have indicated, for bringing people together today in search of consensual debate, especially when we consider that the topic is health, which normally divides political opinion. On this occasion it has rather united political opinion, so I commend him for that.

The right hon. Gentleman's powerful speech was supported by others. The hon. Member for Stockton South (Dr Williams) spoke of the stark reality that sadly faces people who do not get access to early intervention following diagnosis with psychosis. He spoke with experience and knowledge of this issue, and added greatly to the debate. The hon. Member for Liverpool, Wavertree (Luciana Berger) has also worked tirelessly for a number of years on this issue. The statistic she cited—that just 3% of those with psychosis in her area are in employment—is quite frankly staggering. She also spoke of the prevalence of mental health vulnerability for women after childbirth. For me, those two issues alone, among all the others, highlight the importance of getting this right across all areas and why we all need to do more in all areas of this country, and all Governments should do that.

Luciana Berger: Forgive me, but in my remarks I was due to pass on a contribution by the hon. Member for Belfast East (Gavin Robinson), who wanted it made

known on the parliamentary record that there is no mother and baby unit in Northern Ireland. Although the issue is not devolved, he wanted that point about the availability of support for new mums to be made in the context of this debate.

Neil Gray: I thank the hon. Lady for that intervention; it is clearly important that that is put on the record.

Also, as I have already indicated, the hon. Member for Faversham and Mid Kent made a very honest speech. Her observations from her clinical experience highlighted how destructive psychosis is, so I pay tribute to her for her contribution. I hope that the Minister will respond not only to hers, but to all the points raised by right hon. and hon. Members.

This issue is important, because when the Prime Minister entered Downing Street on 13 July 2016, she listed a number of “burning injustices” that she hoped to address, in order to make Britain

“a country that works for everyone”,

among which was the injustice that

“If you suffer from mental health problems, there's not enough help to hand.”

Clearly, such rhetoric is to be welcomed, as is the Prime Minister's promise that parity of esteem would be introduced in dealing with mental health services in the NHS in England. However, as demonstrated in I think all the speeches today, we have not really got to the point of matching that rhetoric with actions and outcomes. I think there was a universal acknowledgement in today's speeches that not enough is being done.

Today's debate focuses specifically on psychosis and the waiting-time standards for early intervention in this area. As we are all too aware, mental health in general often comes with many stigmas and misconceptions attached, and that is nowhere more apparent than in relation to the subject of today's debate. In psychosis, people experience symptoms of paranoia, and often delusional belief systems that take them outwith reality—that was covered so well by the hon. Member for Stockton South. It affects sufferers socially and in terms of their work, education and overall health. Although only a small proportion of the population are impacted by psychosis, particularly compared with other mental health issues, its impact on the individual and those around them can be devastating, and sufferers require long-term support and help to recover.

As my hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron), who is herself a clinical psychologist, pointed out in a similar Westminster Hall debate in September 2016, behavioural family therapy is also extremely important. Psychosis affects not just the person who suffers, but their whole family and social circle. People can suddenly find themselves in a caring role, and research indicates that spending 10 hours or more a week as a carer can be a challenge to someone's wellbeing.

As the subject of today's debate and the contributions of many Members have made clear, early intervention is key to ensuring that the support and recovery process can be as successful as possible, for both the individual and those around them. In Scotland, the Scottish National party Government have made mental health one of their main priorities, and they will continue to place a high importance on mental health services. A key part of that prioritisation in relation to psychosis has been

focusing on prevention and early intervention, particularly for infants, children and young people—it has already been said why that is important—who are the groups most likely to be impacted by the first episodes of psychosis.

Analysis undertaken by the King's Fund recommended that

“Providing high-quality care to patients requires two things: first, that NHS trusts have the revenue to recruit and retain the correct mix of staff, and second that these staff exist and want to work for the NHS. Our analysis highlights that there are underlying issues with the supply and availability of key staffing groups in mental health. Investing in the skills, job satisfaction and wellbeing of our current workforce should be a priority, but we must also invest to ensure sufficient workforce capacity.”

In Scotland, the Government have attempted to address those important staffing and funding issues by increasing NHS mental health spending from £651 million in 2006-07 to £937 million in 2016-17, which has enabled the aim of placing an additional 800 mental health workers in key settings by 2022 to remain on course.

However, I am not trying to argue that there is no room for improvement in Scotland—clearly there is—and that everything is as good as it can be. Clearly, there is more that we could and should do. The Scottish Government are aware that there is room for improvement and their “Mental Health Strategy 2017-2027” has identified a number of areas where further improvements can be made. In particular, the strategy acknowledges that

“Working to improve mental health care is not just the preserve of the NHS or the health portfolio.”

Instead, improving mental health care requires improving a wide range of public services, such as education and justice, as well as addressing other important societal problems, such as poverty and employment, all of which have a relationship with mental health and a role to play in improving health outcomes.

Again, I commend the right hon. Member for North Norfolk, and I hope that the Minister, when she replies, will reflect on all the comments from the right hon. Gentleman and from others, and respond to the examples given from the frontline and to the asks that he and others from different parties have made today.

2.37 pm

Barbara Keeley (Worsley and Eccles South) (Lab): As has already been said, and I will echo it, it is a pleasure to speak in this debate with you in the Chair, Mrs Moon.

I also join others in congratulating the right hon. Member for North Norfolk (Norman Lamb) on securing this important debate, and on the way that he opened it. In addition, I thank my hon. Friends the Members for Stockton South (Dr Williams) and for Liverpool, Wavertree (Luciana Berger), as well as the hon. Member for Faversham and Mid Kent (Helen Whately), and the hon. Member for Airdrie and Shotts (Neil Gray), the Scottish National party spokesperson, for their contributions.

Experience of psychosis can be frightening for those affected by it, and for their families. The hon. Member for Faversham and Mid Kent talked about how debilitating and frightening that experience of psychosis can be.

A story that came to my attention was from a woman called Louise, who wrote a blog for Mind, the mental health charity. In that blog, she described her experience of psychosis. She said:

“While everyone was celebrating the Olympics, I was sectioned and spent a week in hospital. I had started to hear voices and was living in a very strange world. Being in hospital was a terrifying

experience and I couldn't understand why I was there or what had happened to me. I thought the nurses were trying to kill me and I refused medication. Eventually, I accepted the drugs and I did recover. I was released after a week and received treatment in the community.”

The interesting thing about that story and blog is that Louise goes on to say:

“Even a year on, I still find it hard to accept that this happened to me: an independent, strong career woman.”

I wanted to touch on this story because it demonstrates how psychosis affected somebody who was

“an independent, strong career woman”.

The story shows, even in those few words, how debilitating and frightening a first experience of psychosis can be.

Given that, and we have heard about it extensively in this debate, it is clear that early intervention and access to treatment for psychosis is a really vital issue: a moral issue, an emotional issue, a financial issue, and an issue of investment. It is about helping people when they are at their most vulnerable and supporting them to recover.

From this debate alone, the evidence is clear that early intervention can significantly improve a patient's mental health recovery. That has been highlighted by all the contributions we have heard today. One of the most important benefits of early intervention—this has not yet been mentioned—is the finding in studies that it can reduce the risk of a young person who is experiencing psychosis attempting suicide. That is clearly an important thing. As we have heard, the care packages approved by NICE can also have an impact beyond the mental health recovery of a patient, impacting on their physical health and their chances of remaining in employment. Each part is vital. A key statistic comes from the mental health charity Rethink. It found that 35% of young people in early intervention in psychosis care are in employment, as compared with just 12% of young people in standard mental health care. The right hon. Member for North Norfolk discussed that.

The access and waiting time standard for early intervention in psychosis is not being met, partly because the official figures are for patients who have started treatment. As my hon. Friend the Member for Stockton South discussed, YoungMinds has stated that in January 2018, even though 722 patients had started treatment within two weeks of referral, 1,344 patients were still waiting to start treatment, and 727 of them had been waiting more than two weeks since referral. We are getting a partial picture from NHS England. We were all sent a briefing this morning that said that the access standards are being met, but they clearly are not if they are not taking account of patients who are waiting. The figures for January 2018 also showed that 401 patients had been waiting more than six weeks and still not started treatment, and 217 patients had been waiting for more than 12 weeks without starting treatment. As is familiar when we are looking at issues around mental health, it is the people waiting for long periods who we have to reflect on.

We have also heard about the regional variations. This has been an important debate for highlighting them. The right hon. Member for North Norfolk reported in detail on performance in the south region, which is the best-performing region. YoungMinds reported that the north of England is the worst-performing region. It has the lowest proportion of pathways completed within two weeks of referral.

[Barbara Keeley]

It is clear that the Government have not invested in the staffing and resources needed to deliver the full package of NICE-evidenced support and treatments. It is clear that many local areas are facing challenges in implementing the early intervention in psychosis access and waiting time standard because of those substantial variations. What is the Minister's assessment of how those challenges can be overcome? That is one of the most important questions from today.

We have had a briefing this morning from NHS England on the NICE-recommended interventions and the scoring matrix to be used, including on carer support. The hon. Member for Airdrie and Shotts mentioned carers, but I will discuss the subject a bit more fully. Psychosis can cause considerable distress not only for the person experiencing it, but for their family members who are carers. Why are the targets for carer support so low within that NICE evidence package? The figures that NHS England sent to us this morning show 38% of carer support taken up against targets of 25%, 50% and 75% for 2017-18. Take-up of support by fewer than four out of 10 carers is a poor achievement, given the impact that psychosis can have on unpaid carers.

I do not want to miss the opportunity to question the Government about the shameful way they have been treating carers in recent months. I have raised this before with the Minister, but the Government have abandoned their promised carers strategy after 6,500 carers gave up their time to contribute to the consultation. I know it is not her responsibility any more, but it was at the time, and she gave this reply to me in December. She said that,

"it is very important to pull together exactly what support there is at present and then respond to that, and we will publish our action plan in January".—[*Official Report*, 7 December 2017; Vol. 632, c. 1239.]

It is now the middle of March, and we have no carers strategy and no carers action plan. Will the Minister raise the matter with her colleague the Minister for Care, the hon. Member for Gosport (Caroline Dinenage)? I suggest that the Government stop treating carers in this shabby way. In terms of this debate, will the Minister look at the low targets for carer support in the targets for early intervention in psychosis? Will she set a more ambitious target to provide higher levels of support to carers of people experiencing psychosis?

My hon. Friend the Member for Liverpool, Wavertree rightly raised the issue of perinatal mental ill health. As we have just had International Women's Day, I wanted to refer to the 2003 women's mental health strategy. It was a comprehensive strategy for women's mental health issues from the previous Labour Government. I was glancing at the document on my iPad, and section 8.8 is about women with perinatal mental ill health. What has happened to the previous Labour Government's comprehensive women's mental health strategy? Does the Minister agree that perinatal mental ill health and other aspects of women's mental ill health merit a gender-specific approach? Will the Government start to think about implementing that?

I want to briefly touch on one further area of concern—the lack of good-quality data. All of us involved in these debates on mental health have to spend a large amount of time asking parliamentary questions that do

not get answers because the data are not there. The right hon. Member for North Norfolk is to be commended for his freedom of information survey. In 2016, Public Health England produced a report into data around psychosis and found what the Centre for Mental Health has described as "massive inequalities" in care, which is just what we have been hearing about in this debate. The report found that the proportion of people who have experienced psychosis who have a comprehensive care plan ranges from around 4% in some local areas to 94% in others. The evidence was there in 2016 that massive variations existed.

As the Centre for Mental Health put it:

"The report is as remarkable, however, for the data it cannot present as for what it can. There is very little information about the lives of people with psychosis and how far the services available help them to recover".

The report was unable to give any information about the prescribing of anti-psychosis medication. Shockingly, it found that there were no known recent robust estimates of local numbers of people with psychosis. How can we deal with recruitment and staffing issues and the resources plan that Members have talked about if that is the state of the data?

I appreciate that there have been some improvements in mental health data in recent years, but it has been very slow progress and there are still many gaps. The Government talk about parity of esteem between mental and physical health, but it is hard to imagine a situation where we did not know the number of people in a local area being diagnosed with different cancers. That situation just would not arise. When I meet campaigners who work on mental health issues, the lack of readily available data is a constant and major concern.

The former Under-Secretary of State for Health, Nicola Blackwood, liked to talk about accountability through transparency. She said:

"One of the ways in which we are ensuring that money reaches the frontline is through driving accountability through transparency. Mental health services have lagged behind the rest of the NHS in terms of data and our being able to track performance. That is why the NHS will shortly publish the mental health dashboard, which will show not only performance but planned and actual spend on mental health."—[*Official Report*, 27 October 2016; Vol. 616, c. 513.]

We still have that severe problem. Despite the publication of the mental health dashboard, we have a far less clear picture for mental health data than we do for physical health. We will never be able to plan, resource or move through these issues unless we do. What is the Minister doing, and planning to do, to make better data available across mental health services, particularly for psychosis?

I briefly return to Louise's story. She was lucky. She said in her blog that she received good-quality treatment. Despite going through some difficult times, when she wrote the blog she was positive about her future, her relationships and her career. She was looking forward to starting a family. If we want to live in a society that has more positive stories like Louise's, we have to begin to take a much more preventive approach to mental health. Getting the right support can lead to brighter days.

2.49 pm

The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price): It is fitting that you are in the Chair for this debate, Mrs Moon, given your interest in these matters. I am grateful to the right hon. Member

for North Norfolk (Norman Lamb) for securing this debate. It is always with some mixed feelings that I face him across the Chamber, not least for the reasons that the hon. Member for Liverpool, Wavertree (Luciana Berger) pointed out. However, this has been an extremely well-informed debate on both sides. I have not disagreed with very much of what has been said. It is great to respond to such a passionate debate, among people who genuinely care about the issue.

The right hon. Gentleman is absolutely right that improving access and waiting times for early intervention in psychosis must be a top priority. I will set out some of the things that we are doing, which I hope will reassure him of the direction of travel. He is rightly holding us to account on where we are. I quite agree that it is not good enough, and assure all Members who have participated in today's debate that I am not complacent in any way about any of this.

First, I want to set the context. The hon. Member for Liverpool, Wavertree often challenges me that we have not achieved parity of esteem. I do not pretend that we yet have, but we have embarked on a genuinely transformational programme to raise the treatment of mental health issues to parity with physical health. However, that is essentially a cultural change, which will take time.

I want to set out that we do have a plan, to reassure the hon. Member for Stockton South (Dr Williams). We have now got to the stage in that plan where we have to be a lot more outcome focused, and really get to the grit of what is happening on the ground. As the right hon. Member for North Norfolk set out, there is widespread regional variation. We have to ensure that we are not only increasing access, but doing so in a consistent way. There are lots of challenges in doing that. People have raised the issue of the workforce. Obviously, we cannot magic up a workforce overnight, but there are plans to address that issue.

The right hon. Gentleman mentioned the Secretary of State's weekly meetings where we interrogate health officials. I assure him that we are reviewing each individual mental health trust to scrutinise their performance, and the Care Quality Commission advises us on a weekly basis about that performance. I assure him that it is improving—it has massively improved, in fact—but there is still more to be done.

When we bring in standards and targets, the risk is always that we build in perverse incentives, and that institutions can game the system. Until the data we collect is embedded properly, there will be some risk of that, but we have to be on it. I acknowledge the right hon. Gentleman's pivotal role in introducing those standards, and all his work in Government to drive this agenda. Having inherited his mantle, I look forward to him continuing to challenge me to deliver what he set in train.

Given that time is short, I want to home in on what we are doing to implement the waiting time for early intervention. The latest data that we have shows that we are exceeding the target of 50% for access to early intervention in psychosis services, with more than 70% of patients starting treatment within two weeks in the most recent quarter. I know that the right hon. Gentleman has rightly raised concerns about his freedom of information request on mental health trusts. Only 29% of 49 trusts that returned the request could expressly confirm that

they were able to deliver the full NICE-concordant packages of care to their patients. To reassure him, the moment at which he made his request was at the start of the programme.

Norman Lamb: It was this year.

Jackie Doyle-Price: It was measuring the kick-start of the programme. I would hope that if the right hon. Gentleman repeated that in a year's time, he would get a very different picture. I assure him that we are making progress, but I invite him to continue his scrutiny, because sunlight is the best disinfectant, as I often say.

The hon. Member for Stockton South asked whether we had a plan. We do. The issue is that our plan is often based on inputs and structures. It is only when we get the kind of analysis that the right hon. Member for North Norfolk applies that we can see whether an input is really delivering the outcome that we want. Using our tools of leadership, we are now ensuring that we are holding everyone's feet to the fire to deliver those standards, and that we are actually implementing the plan that we have in place.

To give some detail on what that plan is, we are investing an initial recurrent £40 million per annum for EIP in clinical commissioning group baselines. That will rise to £70 million recurrently by 2021. I have heard the message loud and clear from all hon. Members that they want to be reassured that that money is reaching the frontline. We will go away and think about how we can best illuminate that. We are funding clinical networks in all regions to provide clinical leadership for implementation, and to support local efforts across the country. Those networks provide a great deal of support on sharing best practice, training and innovation. Quite often, sharing best practice can be the best way of driving improvement.

We are investing in a national team to co-ordinate regional teams and to support the monitoring of delivery through the regions. We are developing the data set to illustrate how much progress we are making and how the interventions are being delivered to people. That will allow commissioners and providers to prioritise how they develop and improve their services in line with the National Institute for Health and Care Excellence guidance. What is especially welcome is that there is now a recognition of the link between mental and physical health in NHS England's work, although we have to continue to build on that.

The hon. Member for Liverpool, Wavertree rightly raised the issue of support for new mums. I am glad to hear that she has visited mother and baby units, as I have. Seeing the reality of that treatment shows how important that service is. We continue to prioritise investment in tackling post-partum psychosis. We are investing £365 million into those services, and are currently looking at issuing contracts for four new mother and baby units. She asked me some specific questions about the number of beds. I will write to her on that, because although it might seem like a simple question, it is slightly more complex. As she has rightly highlighted, it is a very vulnerable time for new mothers. We must ensure that we have services available across the country, as we still have some geographical discrepancies in the level of provision. I highlight the fact that we are putting more support for new mums in the community, based around the whole ethos of early intervention. I think that is extremely important.

[Jackie Doyle-Price]

I could say an awful lot more, but I promise hon. Members that all those who spoke in today's debate have given me many things to think about, and I will reflect on them. I look forward to debating all these measures regularly. It remains the Government's priority to deliver a step change in how we provide services for poor mental health. That is a cultural change, and it will take time. That is why we have it as a five-year forward view. We will make the investment in additional staffing resources to deliver that step change, but I have no doubt that all hon. Members in this room will continue to hold my feet to the fire to make sure that we deliver.

2.57 pm

Norman Lamb: I thank the Minister for that response. I ask her to write to all hon. Members who have taken part in today's debate, responding to each of the issues that have been raised, so that we get clear answers on them all. I would highlight two points. First, regional implementation plans are critical in making things happen. Secondly, a point was made earlier about the sustainability and transformation partnerships. If a significant proportion of them simply do not include a commitment to meeting the standard by 2020, that is basically a recipe for disaster. That has to be addressed.

I thank the other two Front-Bench spokespeople for their really excellent contributions. The point that was made about suicide was absolutely right: we can reduce the suicide rate through this programme in particular. I also thank the three Back-Bench contributions, which were all really excellent and well informed, and covered such important ground. In the Minister's response, I would like her to deal particularly with the YoungMinds point about the calculation of how long people are waiting. I would like her to address the issue about only a quarter of STPs making that commitment by 2020, and the issue of post-partum psychosis that was correctly raised by the hon. Member for Liverpool, Wavertree (Luciana Berger).

Finally, I join others in expressing my appreciation for some incredibly inspiring staff who work in these services, and who demonstrate how lives can be transformed through doing the right thing with the necessary investment. The plea to the Minister is to make sure that the investment and implementation are there to take advantage of this opportunity.

Question put and agreed to.

Resolved,

That this House has considered access and waiting time standards for early intervention in psychosis.

GKN: Proposed Takeover by Melrose

[GRAHAM STRINGER *in the Chair*]

3 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I beg to move,

That this House has considered the proposed takeover of GKN by Melrose.

I start by saying what a pleasure it is to serve under your chairship, Mr Stringer. I think it appropriate to mention as a matter of interest that, as a trustee of the Industry and Parliament Trust, a few years ago I undertook a secondment at GKN and witnessed some of its activities throughout the world at first hand. It is also appropriate that I mention Professor David Bailey of Aston University for the work he has done on this issue, which in part informs my comments today. I know there are other speakers with specific constituency interests who want to participate in the debate, so I will try to leave plenty of time following my introduction for them to make appropriate and relevant contributions.

I sought this debate because of the strategic interest of the issue for British manufacturing, but also because of its wider implications for long-termism, investment and responsible capitalism. In a former incarnation, when I was Chair of the former Business, Innovation and Skills Committee, we held inquiries into the Kraft-Cadbury takeover and the proposed Pfizer-AstraZeneca takeover. They flushed out many of the relevant issues. They are now even more relevant and are highlighted by this proposed takeover. Although GKN may be a rather different sort of manufacturer from Kraft and Cadbury, or Pfizer and AstraZeneca, the issues are very similar.

Following the deliberations of the Select Committee on those issues and its recommendations, there was an enhancement of the takeover code, particularly in the context of post-offer undertakings, which arose from Kraft reneging on the commitments it had made to Cadbury during the course of negotiations. I am pleased to say that that issue was highlighted in the inquiry by my hon. Friend the Member for Leeds West (Rachel Reeves) on this particular takeover. I note that my hon. Friend commented this morning that Melrose, in the context of this takeover, has refused to commit itself to the sort of post-offer undertakings that would be legally binding and potentially give reassurance to GKN shareholders.

Mr Bob Seely (Isle of Wight) (Con): Does the hon. Gentleman agree that in many cases Melrose aims to own businesses for only between three and five years, and during that time seeks to maximise shareholder value, selling on the parts of those businesses that it sees as underperforming, sometimes without regard to the long-term benefit of the business and its individual plants? Therefore, a takeover by Melrose may mean a break-up of GKN. Does he share my concerns and those of others like me, who are fearful for the GKN plants in their constituencies? There is one in the Isle of Wight.

Graham Stringer (in the Chair): Order. I would remind Members that interventions should be brief.

Mr Bailey: The hon. Gentleman has put his finger on an issue that I will develop at some length during my speech. He is absolutely correct.

Perhaps I should state that, from a philosophical or ideological point of view, I am not anti-private sector. I am not anti-City. I recognise that globalisation is a potential force for good, even though it does throw up some considerable challenges and needs to be managed. I feel, however, that the role of Government must be to ensure that where vital national interests are at stake, the private sector is regulated in such a way that those interests prevail over what are often the short-term or illusory interests of the shareholders involved or the myriad City professionals and advisers that tend to make a lot of money from takeover bids. Some of the issues that arise from this proposed takeover bid are specific to GKN and Melrose, but others throw up broader, national issues.

GKN is a company of enormous strategic importance to the British economy. In 2015, it made sales of more than £16 billion worldwide and contributed £1.36 billion to our economy. It is one of the major—perhaps the major—tier 1 providers within the automotive and aerospace industries.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend has brought a timely debate. I have worked in defence industries. The Secretary of State has got to look at this in the context of the national interest, because the real danger is that the Americans will hive it off piece by piece. The hon. Member for Isle of Wight (Mr Seely) is right when he says that Melrose only keeps businesses for about five years, makes a profit for shareholders and is gone. This is probably one of the last bastions of Britain's independent defence industries. More importantly, there are 6,000 jobs at stake. No doubt Melrose has its eye on the pension scheme as well—most of them do.

Mr Bailey: My hon. Friend anticipates some of the points in my speech. I agree with him completely.

GKN holds the position as one of the world's greatest tier 1 providers in part because of the number of portfolios it holds worldwide with other joint venture companies, as well as with British companies, but also because of its research, development and technological advances, particularly in the automotive and aerospace industries. The UK aerospace sector is the largest in Europe, second globally to the USA. It supports more than 210,000 well-paid jobs in this country and delivers £29 billion in exports, generating £32 billion in turnover each year. GKN, as the only large tier 1 supplier, has a strategic role in the growth of the sector and, as I said earlier, it makes a total contribution to the UK economy of more than £1.3 billion.

GKN's identity as a sector leader is largely based on the large amount it invests into research, development and technological advances. The distinctive focus on research has for decades been the cornerstone of the company. By its very nature, research and development involves long-term investment projects. The benefits of such programmes are often enjoyed only decades or even longer after the investment has started.

Typically, the motor industry has a product cycle of seven to 10 years, but at the moment major car manufacturers are looking for long-term partners to invest in future generations of electric vehicles. Because of its long-standing association with those companies, GKN is currently well placed to be a partner in such ventures. The aerospace sector has a product cycle of

20 to 40 years, again highlighting the importance of a company investing long term with the companies it serves. Since 2000 GKN has invested more than £561 million. That has created long-term, well-paid, highly skilled jobs that are of particular benefit to our regional as well as our national economies.

Rachel Maclean (Redditch) (Con): I agree with the speech the hon. Gentleman is making and his excellent points. Will he touch on the issue of the productivity gap between the south-east and the midlands? We are midlands MPs, so is he concerned about that in relation to the takeover?

Mr Bailey: Absolutely. The hon. Lady puts her finger on a very important point. Productivity in the motor and aerospace industries is way ahead in manufacturing overall, and in other types of business as well. Anything that damages such industries will damage the level of productivity in our economy, which we all know is a matter of considerable concern.

GKN not only invests in research and development in its own companies, but partners universities up and down the country—Leeds, Manchester, Warwick, Nottingham and Sheffield, for instance—again helping to underpin regional economies, driving research excellence and giving students the level of skills that they need and an involvement in manufacturing that is absolutely crucial for developing our future skills base. As the hon. Member for Isle of Wight (Mr Seely) mentioned, the Melrose business model appears to be fundamentally incompatible with that approach.

I was chided by the Melrose chief executive for calling Melrose a hedge fund company. It says it is not; it says it is a turnaround company. In the Business, Innovation and Skills Committee it was called an asset-stripping company. Whatever we call it, it has a short-term strategy reminiscent of the way in which hedge funds work. It aims to buy and sell companies within a window of between three and five years. Despite protestations that it does keep companies for the longer term, one example that must be considered is that of Brush of Loughborough, a UK company that makes gas turbines. It was taken over by Melrose 10 years ago and is failing. Melrose has been unable to sell it on in its desired turnaround window because of the huge structural change in the sector owing to the move away from fossil fuels. Melrose has failed to invest in development to mitigate the changes and save employment within the company. It has already halved its workforce and has recently announced another 270 job cuts.

Although Melrose has invested £230 million in research and development in various companies over the past five years, the significant thing is that that is less than it paid its top 20 executives in the past year alone. That does not seem to be indicative of a company that is committed and wedded to long-term investment in research and development.

Many Members will have seen the announcement from Tom Williams of Airbus. The *Financial Times* has today published an interview with Tom Williams, the chief executive of Airbus, which is one of GKN's biggest customers. He said it would be "practically impossible" to give new work to the engineering group if Melrose succeeded in its hostile bid. He cited the lack of "strategic vision" and the lack of long-term investment owing to the short-term ownership model. We could

[Mr Bailey]

not detect a more telling intervention and substantiation of the point being made. We must remember that Airbus is only one customer of GKN, but Airbus's public statement sends a signal to many other strategic customers of GKN.

Another cause for concern is the relative size of the companies. Last year alone GKN had revenue in excess of £10 billion, compared with just over £1 billion at Melrose, which proposes to finance its bid by borrowing £3.5 billion.

In addition, GKN employs 60,000 people across 30 countries, a level of personnel management that Melrose has no comparable experience of. As part of its takeover bid, Melrose has revealed plans to sack the entire board of GKN. Melrose as a company would double in size, but with no commitments to further capacity and an absence of the management expertise that has historically been part of GKN. Furthermore, Melrose has never taken over a company that specialises in aerospace manufacturing, which is perhaps one of the most concerning issues of all.

GKN's prominence in the aerospace sector means it has a unique stake in the maintenance of our national security. As a leading world tier 1 supplier, it operates on a lot of UK defence platforms. As its order book with the Ministry of Defence is relatively small, Melrose has claimed that that issue is not significant. It ignores the fact that many of GKN's customers are foreign companies that provide defence equipment that is subsequently procured by this country, so there is a much greater strategic involvement than the figures quoted by Melrose suggest.

GKN's military aerospace involvement includes Lockheed Martin, Lightning, Raptor, Boeing, Eagle, Hornet, Harrier II, Eurofighter, Typhoon, Panavia, Tornado, Saab, Gripen and the new B-21 engine—a huge range of engines and vital components in a vast range of our defence components and needs for the future. Significantly, our own Defence Secretary felt the need to raise this issue with the Department as he no doubt responds to concerns that lie within the industry. I hope the Minister will refer to that when he sums up.

The US Government are highly likely to review any takeover via their Committee on Foreign Investment. The UK has a clear interest and should do the same. The public interest test applies under the national security element of section 58 of the Enterprise Act 2002, and the UK Government have the power to consider whether the takeover is in the public interest.

Mr Cunningham: Earlier, I mentioned the fact that GKN is one of the few companies that now gives Britain its independence in defence terms. It has been known for years—and if we think about it, it is a matter of the national interest—that, for example, Pratt & Whitney has always been after Rolls-Royce. That gives an indication of what is likely to happen at GKN if Melrose takes it over and asset-strips it. American companies will come in, and we will no longer have an independent role to play in manufacturing our own defence equipment.

Mr Bailey: My hon. Friend anticipates, with great foresight, some of the potential developments if the takeover were allowed to happen.

I believe that there are broader issues, however. The GKN takeover is a case that goes well beyond defence. It is relevant to our productivity, as the hon. Member for Redditch (Rachel Maclean) said, to our economy and research capabilities, and to the jobs and pensions of about 6,000 people in the UK. I am not here to argue that GKN is a perfect company and perfectly managed—that issue is widely acknowledged; but in view of the contribution that it makes to our industry as a whole, the highly paid and highly skilled jobs that it provides, its innovative research-led developments in key sectors of the economy and its commitment to maintaining a strong manufacturing industry in the UK, its future development needs to be carefully thought through, balancing the interests of shareholders with the vast number of other stakeholders involved.

Neither the takeover, nor a hastily contrived reorganisation in response to it, is the best way to deal with the problems. A solution centred on preserving shareholder value at the expense of all else would be disastrous for regions, such as the west midlands, that depend on manufacturing, and for productivity and the economy. The far-reaching implications of the proposed bid should prompt the Secretary of State to look at widening his powers of intervention on takeovers to include broader considerations of public interest. I appreciate that it was a Labour Government who withdrew that consideration, in the Enterprise Act 2002, but since then the global nature of the world economy has changed rapidly. Welcome adjustments were made to the takeover code relating to post-offer undertakings following the Kraft-Cadbury takeover. However, it is time to re-examine the situation, and to seek a more robust set of criteria that acknowledge the integrated investment and research-led nature of the 21st-century global economy, to ensure that the globalisation that benefits many areas does not decimate others. That could be done by broadening the criteria for defining the public interest, from the existing four, by increasing the percentage of shareholders who have to vote in favour of a takeover, or in other ways. It is time that the question was re-examined, to get a more robust set of criteria, which would preserve vital national interests.

In answer to a question on 7 February, the Prime Minister said at column 1494 that she would act in the “national interest”; and in August 2016 she launched her Cabinet Committee focusing on delivering one of her Government's top three priorities—an economy that works for everyone, with a strong industrial strategy at its heart. The case of the GKN takeover provides the Prime Minister with a chance to prove the strength of her commitment to her self-defined mission to make Britain a country that works for all.

Several hon. Members rose—

Graham Stringer (in the Chair): Order. Five Back-Bench Members want to speak, and the arithmetic is straightforward. I intend to call the Scottish National party spokesperson at 4 o'clock, so I hope that people will respect that time.

3.24 pm

Rachel Maclean (Redditch) (Con): It is a pleasure to speak under your chairmanship, Mr Stringer. I will of course stick to the timing, but if I stray over, please do

not hesitate to call me to order. It is a great pleasure to follow the hon. Member for West Bromwich West (Mr Bailey). I heartily congratulate him on securing this extremely important debate. I agree with virtually everything he said, and it is a pleasure to have that experience about a speech made from across the Chamber. I see other midlands MPs in their places; we have many common interests in this important matter.

GKN has a 250-year history and has played a significant part in the manufacturing heritage of the midlands for many years, since it was established as an ironworks in 1759. In Redditch we are proud to host the global headquarters of that multinational business. As the local MP, I have engaged with it through visits and through discussions of how it will continue to work proactively in the local community, of which it is a great supporter. That is a responsible approach and GKN is leading by example.

Unfortunately, when GKN announced its results in 2017, although the latest annual sales figures were up, its trading margins had started to fall. It was evidently vulnerable and it set out to launch a new strategy to boost the company. Once it became clear to me that GKN was under threat of a hostile takeover, I spoke without delay to the company bosses and was told in no uncertain terms that all 260 employees in Redditch, many of whom are my constituents, would lose their jobs if Melrose were to be successful in its takeover. It is for those 260 people that I speak today. As the hon. Member for West Bromwich West has said, they are among a small number around the world. I welcome the Government's recent move to strengthen the takeover rules, following the report from the Takeover Panel. It is welcome, and is in line with the Prime Minister's manifesto commitments. I ask the Minister to update us on the consultations and proposals. My constituents and GKN employees would welcome further clarity.

The hon. Member for West Bromwich West, who spoke so well, covered most of the points that I wanted to make, and I shall confine my remarks to a few key areas. I agree that the takeover appears to be opportunistic, and there is great concern that the offer would undervalue GKN's business culture, which it fought hard to build up for many years. GKN has invested heavily in research and development expenditure, skills and engineering jobs, all of which are badly needed in the UK, particularly in the midlands. Its work and portfolio have been built up with years of experience, which are not matched in Melrose. We in the midlands are proud of our record—our heritage—of making things.

GKN may have lost its way, up to a point, in recent years. Perhaps it is not performing to the full extent of its capability, but it has a focus on a long-term business model. That is a welcome contrast to the short-termism of Melrose, which is not seen as a sustainable long-term investor in the best interest of the company. Indeed, GKN's former CEO, Nigel Stein, resisted splitting up the firm because he felt that the expanding aerospace business provided a degree of security against the typically cyclical nature of its auto side. It made sense to grow, given the increasing overlap of aerospace and automotive, and the fact that a bigger business is better able to resist takeovers—witness what happened to Cadbury after it separated from Schweppes.

I have written to the Secretary of State and have met him to put those concerns to him. I fully understand that, as he has explained to me, he is unable to comment

directly on the matter, owing to the quasi-judicial nature of his role. I understand that any comments that he made could be construed as affecting the course of the takeover and could undermine and invalidate it. However, I am calling on the Minister who is responding to this debate to provide any further clarity he can. The Business, Energy and Industrial Strategy Committee, led by its excellent Chair, the hon. Member for Leeds West (Rachel Reeves), is looking at the matter and would, I am sure, welcome clarity. I see that a fellow Committee member, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), is present for the debate. It was interesting today when GKN's biggest customer announced its view. I believe it is quite rare for not only a customer, but the board of pension trustees and the entire board of directors to reject a bid in that way.

I want to touch on one matter that I believe is in the takeover code, which is that a company that is going to take over a company must provide assurances as to what it will do. Melrose has tried to provide assurances to our Select Committee and in the public arena, and it has sent letters to me—I do not know whether the other members have received them. It has pledged to keep GKN's headquarters in the UK and maintain the same levels of research and development funding, but we do not know what those pledges are based on and what is behind them. How can we be certain that they will be adhered to and delivered? That is a matter of great concern to GKN and people in Redditch. Since GKN's sale of its Driveline business to Dana, there has been a lot of turbulence inside the company. A number of issues are affecting GKN employees in Redditch and are causing them to worry.

In Melrose's defence, it has said that it is a people-focused company with an outstanding track record on pension schemes, and it has indicated that GKN's current schemes will be safe. It has said that it invests more in R&D than GKN does, and that its actions are in line with the Government's industrial strategy. It has said all those things—I am putting them on the record to be fair to it—but I want to see more evidence of that because the weight of evidence is not currently in its favour. We must find a balance between a short-term cash injection and a long-term strategic overhaul, and it must be managed by those with knowledge of and expertise in this industry.

I believe, as the hon. Member for West Bromwich West said, that the Government are responsible for supporting the growth and productivity of this sector and for creating the right business environment. That would have so many benefits for our economy in the midlands, for our productivity and for the whole skills piece. We are encouraging young people in our communities to set out a path for themselves in the fantastic science, technology, engineering and maths subjects. We have skills gaps in those sectors in our country, including in the midlands. GKN is a great example of a company that has brought on young people and promoted such careers, but I fear for the future of that.

The evidence in front of me does not convince me that this takeover bid is in the best interests of the company, the country's long-term industrial strategy and the shareholders. There are important questions to be answered about how we define our national interest and defence.

3.32 pm

Richard Burden (Birmingham, Northfield) (Lab): I thank my hon. Friend the Member for West Bromwich West (Mr Bailey) for securing this important debate. I echo the serious concerns that he and the hon. Member for Redditch (Rachel Maclean) raised about the bid for the proposed takeover by Melrose of GKN. GKN employees raised similar concerns when I recently met them at a lobby organised by Unite the union just a couple of weeks ago, and they are echoed in my constituency, where GKN Aerospace employs 220 people and is a world leader in commercial and military flight-deck transparencies. It provides toughened glass for flight-deck windows, and specialist safety glass to more than 50 programmes. There is no better illustration of why this takeover bid has national security implications than GKN Aerospace's military involvement at Kings Norton.

I do not need to remind the Minister of the importance of the UK's aerospace industry. That is why we need to take the concerns raised by the industry seriously. ADS, the leading organisation representing the aerospace sector, warned that what happens to GKN is of critical importance to the wider sector. My hon. Friend the Member for West Bromwich West rightly mentioned the unprecedented intervention of the chief operating operator of Airbus, who said yesterday:

"It would be practically impossible for us to give any new work to GKN under such an ownership model when we don't know who will be the long-term investor."

GKN is also a key strategic player in the automotive sector. Driveline does pioneering work on components for the ultra-low-emission vehicles of the future. I am aware that GKN's management is proposing to split off that part of the company through the merger of Driveline and the United States firm Dana. On the positive side, there is the prospect that that will create an engineering powerhouse in the automotive sector on a global scale. I very much hope it achieves that prospect, but I do not want to be starry-eyed about it. Ministers should seek assurances from GKN and Dana about the long-term commitment of the new merged company to the UK, including on jobs and our research and development base.

Also, if GKN Aerospace is left as a stand-alone company, I endorse west midlands industry analyst Professor David Bailey's call—my hon. Friend is right to pay tribute to his work on this issue—for the Government to consider taking a golden share to protect the public interest in the company for the long term.

None of that makes me any warmer about the Melrose alternative. Melrose claims—the hon. Member for Redditch mentioned this—that it will

"return GKN to be an engineering and manufacturing powerhouse", but its track record of taking over and selling on companies does not give me confidence that its takeover bid is in the interests of the long-term future of GKN or British industry, whether in the aerospace or automotive sectors. That is why there is such cross-party opposition to the takeover bid in this House. I am pleased that Birmingham City Council's leader, Councillor Ian Ward, and its cabinet member for jobs and skills, Councillor Brett O'Reilly, have warned about the consequences of the Melrose bid for the industrial base of Birmingham

and the wider west midlands. I am pleased that they have been joined by the West Midlands Mayor, who has added his voice on the subject.

Industry analysts have observed that such a takeover bid would not be allowed to go ahead in France or Germany. That is yet another reminder, if we needed one, of why the UK's takeover laws need urgent reform, including the public interest test, against which takeovers are assessed, and the majorities needed to approve takeovers. Why cannot we require a majority of 75% in this country, as Germany does? We must ensure that institutions whose interests are intrinsically short-term, such as hedge funds, are not able to decide on issues that affect the long-term future of key, strategic companies in our economy.

That is for the future, but GKN's extensive role in the UK defence industry indicates, as my hon. Friend the Member for West Bromwich West said, that this takeover bid raises national security issues, which means that the Government already have the grounds and the responsibility to intervene under section 58 of the Enterprise Act 2002. No doubt the Minister will say that, because the Secretary of State has a quasi-judicial role on these matters, he is prevented from saying much today, but I put this to him: it is not what Ministers say about this takeover bid that is important; it is what they do. They should intervene and block it.

3.38 pm

Mhairi Black (Paisley and Renfrewshire South) (SNP): I congratulate the hon. Member for West Bromwich West (Mr Bailey) on securing this debate. I echo many of the comments that have been made. It is clear that there is a consensus that GKN is at the cutting edge of the UK Government's industrial strategy and plays a key part in that. We have heard that it is involved in sensitive programmes, and that it provides technology for a US defence company. I say that because the Royal Air Force has ordered 138 of the F-35B fighter jets made by that company. That is worth noting. The lifespan of some of those products could be up to 50 years from initial development, and that requires continuous maintenance. We already know that the London-based company Melrose has a record of buying companies, holding on to them for a few years and then stripping them. Given the nature of the technologies we are talking about, it makes no national sense to allow a hostile takeover to happen.

GKN operates in more than 30 countries and has 58,000 employees, including 6,000 in the UK. Even the workers are expressing concerns that a takeover by Melrose could leave the Government's industrial strategy in tatters and see GKN sold off piecemeal, bit by bit, with jobs cut or shipped abroad. The warnings could not be clearer. Even the Secretary of State for Defence recently said before the Select Committee that he felt it would have been remiss of him to fail to express concerns. The merger could see parts of the business that provide components for military equipment falling below standards. The Committee on Foreign Investment in the United States, a US regulator relevant to military implications, must give approval, but GKN has warned that it does not believe that Melrose will be able to obtain that approval within the required time. As the hon. Member for Birmingham, Northfield (Richard Burden) said, we are talking about a potential and unnecessary risk to national security.

Under the Enterprise Act 2002, a number of authorities have the statutory power to intervene in takeovers. The power can, rightly, be exercised only on certain specified grounds. There are three main grounds on which certain authorities can stop takeovers. The Secretary of State for Business, Energy and Industrial Strategy may intervene on the grounds of national security and of financial stability. We have already established that national security is an issue, or at least an argument, but there is also a clear argument for financial stability.

As if the scale of what is at stake were not argument enough to act, flinging in the political chaos and uncertainty surrounding our political future due to Brexit ensures that the stable continuation of a major employer is more important than ever. We only need to look at the pensions aspect. The chief executive of the Pensions Regulator wrote to the Work and Pensions Committee to express grave concerns about the GKN pension scheme. We are trying to promote pensions and to convince people to ensure that they are secure in later life, because we recognise there is ticking time bomb, which could be disastrous, but at the end of December the GKN pensions deficit officially stood at £700 million. GKN warned that Melrose's intention to ramp up the debt would lower its ability to support the pension scheme. That seems to be totally counterproductive, given the language continually used about pensions in particular.

Surely, before any progress can be allowed, Melrose must submit its takeover plans to the Pensions Regulator to show that the security of the retirement scheme will remain intact, and that is even without all the other arguments I have given. The reality is that the Government have the power, the reasons and the support to act. The question is, do they have the will?

3.43 pm

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Mr Stringer.

Guest, Keen and Nettlefolds has a ring to it, and GKN is an iconic engineering company, a British success story with a history stretching back over 259 years, founded in south Wales. Three years ago, I remember a man who had worked 44 years for GKN calling it "as British as the royal family".

Here in Britain, GKN employs 6,000 people across major sites in Filton near Bristol, Birmingham and, in particular, the Isle of Wight. It now employs 58,000 people worldwide, with companies and joint ventures in more than 30 countries. Crucially, GKN undertakes the largest portion of its research and development work in the UK, with the majority of aerospace R&D taking place in Filton and automotive R&D in Abingdon.

I welcome the all-party approach to this issue, and the hon. Member for Redditch (Rachel Maclean) is right to say that we talk with pride about GKN, its workers and what it does—so do I. The Driveline factory is in my constituency—800 excellent men and women who serve the industry and the nation well.

The takeover puts a great British engineering icon into jeopardy, because of not only the history of Melrose but what is happening with some of GKN's major customers. Reference has already been made to the revelations made only yesterday in the *Financial Times* about what Airbus has made abundantly clear. In the words of its chief operating officer:

"The nature of our industry is one that requires a commitment to long-term investment and strategic vision...The industry does not lend itself to shorter-term financial investment which naturally reduces R&D budgets and limits vital innovation."

As my hon. Friend the Member for West Bromwich West (Mr Bailey) rightly said, typically we are talking about development lines and R&D strategies that stretch over 20 or 30 years, and the Airbus chief operating officer went on:

"It would be practically impossible for us to give any new work to GKN under such an ownership model when we don't know who will be the long-term investor."

He is right and—I can say this with confidence—others will follow in the days to come.

As the hon. Member for Isle of Wight (Mr Seely) said earlier, Melrose has a chequered past with regards to the companies it has owned. For example, Melrose owned Dynacast from 2005 to 2011, during which time it moved much production overseas to—in its words—"cheaper countries". Melrose closed its Alcester site the same year that it took over the company and had no UK presence between 2005 and 2008. In July 2008 it acquired the FKI group, of which manufacturing firm Brush is part. Melrose began selling off parts of the group in 2009 and sold off about 15 businesses between 2009 and 2014. It implemented severe job cuts at the Brush plant in Loughborough, taking the number of employees down from 1,200 to 600, with a further 270 redundancies announced this year, again moving production overseas and hollowing out a once great company.

One of the workforce's big concerns, which I share, is pensions. As the hon. Member for Redditch said, like many UK companies GKN has a significant pensions deficit that it is working hard to reduce. By agreement with its workforce and their trade unions, in 2017 the GKN group pension scheme was closed to future accruals. A contribution of £250 million was paid into the scheme. Crucially, on assessment of the company's pensions covenant, the scheme was found to be the "high end of good". No concern was expressed about GKN's ability to deal with the pensions problem.

Significantly, however, Melrose has not given the guarantee it was asked for. On the contrary, its whole approach has been to increase debt significantly. The consequences of that will be to weaken the strength of the covenant and to put at risk the pension scheme. In the aftermath of tragedies such as Carillion and British Steel, the last thing we need at an iconic British engineering company is such a problem befalling the workers of GKN.

To turn to the defence issue, GKN Aerospace has 52 manufacturing locations across 14 countries and turnover of £3.5 billion, much of it defence work. Reference has been made to GKN Aerospace and what it does here and abroad. It supports the British armed forces, such as with the Typhoon, the F-35, the P-8, the A400M, the Chinook, the Apache and the MQ-9. Equally, many of the other platforms that GKN Aerospace is a part of support the armed forces of NATO allies. GKN is a strategic supplier of defence platforms, making canopies for the Typhoon, for example, or being a strategic supplier for the F-35. In factories all over Britain, its role in support of our armed forces and that of our NATO allies is critical.

In a former life, I was chairman of the defence unions and worked closely with the Ministry of Defence. Time and again at events and at first hand, I saw GKN on the ground with that intimate relationship with the Ministry

[Jack Dromey]

of Defence and our allies. That is why I say to the Minister that he has the power to intervene. The Secretary of State has the power to intervene under section 52 of the Enterprise Act 2002.

Another reason I think this issue is important is that one of the last battles I fought in my former life was the battle against Kraft's takeover of Cadbury. No one in Britain wanted it. Cadbury was a profitable, iconic British company that was taken over by a debt-laden American multinational. Guarantees were given, but the first guarantee about the Bristol plant was broken and it was closed. Sadly and inevitably, that led to a debate about tightening up the rules on corporate takeovers.

The Government have made some faltering progress in the right direction, but they have gone nowhere near far enough. The Prime Minister has committed to look at the rules and to change them so that we do not have such bids ever again succeeding. Having said that, and however important the future debate is on general takeover regimes, the Government have the powers here and now. They have the grounds. If there is a will, there is a way. I earnestly hope that the Government will respond to the very substantial all-party concern that has been expressed in this place.

I feel a particular passion because I used to represent the people concerned. I have been into the GKN Driveline plant and others; I have seen men and women who are the salt of the earth, with 25, 30, 35 or 40 years' service, following their mums and dads. I have been into their homes; they have GKN awards and certificates up on their walls. They are proud of who they are and what they do. This country is proud of GKN, and the last thing we want to see is for GKN, that great British engineering icon, to become history.

3.51 pm

Wayne David (Caerphilly) (Lab): It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate my hon. Friend the Member for West Bromwich West (Mr Bailey) on securing this vital debate. As has already been said, GKN has a long and proud history dating back to 1759, when Guest established the ironworks in Dowlais, in Merthyr, south Wales. I suggest that there is no better pedigree than that. Today, the company has developed and expanded so that it operates in 30 countries and employs 6,000 people in the United Kingdom, many in well-paid jobs.

Let us be clear about the nature and the intent of this takeover bid. Melrose is a hedge fund operator, despite what it might say, and an asset stripper, despite its protestations. As other hon. Members have said, that was clearly laid bare by the statement made by Airbus, which has been widely reported and quoted today. The response of the GKN chairman, Mike Turner is interesting. He said:

"The comments from Airbus that stress the need for long-term investment and strategic vision in our industry emphasise our firmly held belief that Melrose is not an appropriate owner of GKN. Its management lacks the relevant experience and its short-term business model"—

he is being very polite—

"is inappropriate for GKN's customers and investors."

That sets out the situation very clearly and succinctly.

I want to focus on the implications for the defence sector in this country. There is a very genuine and real

concern about the defence implications of this takeover. GKN is a major defence partner to Boeing and to Airbus, and it supplies and maintains UK defence equipment for the RAF and the Army. Importantly, GKN is very involved with the Typhoon aircraft production; the Chinook and Black Hawk helicopter programmes; the very important F-35 joint fighter aircraft programme, which is coming on-stream now in this country; and the A400M aircraft produced by Airbus. If the GKN takeover comes about, we are likely to see a big question mark over the nature of the successor company's involvement. Make no mistake: Melrose's track record shows clearly that it has no interest whatever and no expertise at all in anything related to defence. We are likely to see sell-offs of its defence interests, and that would have major defence implications for this country.

I welcome the Chair of the Defence Committee, the right hon. Member for New Forest East (Dr Lewis), to the debate. He has said that the takeover puts a question mark over the ownership of intellectual property. If that section of GKN is sold to another firm that is located in another country, the intellectual property goes with it. Who knows what country it may end up in? More than theoretically, it is quite possible that some of the intellectual property rights will go to countries that are not friendly to the United Kingdom.

The Secretary of State for Business, Energy and Industrial Strategy has a moral reason to be very concerned about the situation, and he has the practical means to intervene. As has been said, under section 42 of the 2002 Act, he can intervene on the grounds of public interest and in section 58 of the Act, public interest in these circumstances can be defined as placing in jeopardy our national security. If the Secretary of State chooses not to intervene now, it may be too late to ever intervene again. The Secretary of State can intervene only if the turnover of a business that is threatened by takeover is greater than £75 million, or the business has more than 25% of market share. It is possible that once the sale of the company takes place, the sale of the company's assets through downsizing will mean that the Government do not have the legal base to intervene to protect our national interest. That is why I believe that the Government must act.

The Secretary of State for Defence indicated in his evidence to the Defence Committee that he is very concerned about the situation. On 6 March he put his concerns in writing to the shadow Secretary of State for Defence, my hon. Friend the Member for Llanelli (Nia Griffith). He said:

"Both GKN's existing Board and Melrose have publicly indicated their intentions to restructure, and potentially sell, some elements of the business. I recognise that this will be unsettling for staff who might be affected but the impact of either of these proposals on defence and aerospace jobs is currently unclear."

It may be unclear to him, but it is not unclear to many others.

I urgently ask that the concerns are delved into in some detail and depth as then they will be apparent for all to see. I hope the Government will bite the bullet and necessarily intervene, to stop this hugely damaging takeover.

3.58 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate the hon. Member for West Bromwich West (Mr Bailey) on securing

this important debate on a strategic issue. He raised the long-term aspects of GKN ownership, and gave a warning about the short-term or illusory interest that might be shown towards shareholder gain. He also gave a warning about the relative sizes of the companies and reflected on GKN's sheer breadth of manufacturing interest in aerospace and automotive.

The hon. Member for Redditch (Rachel Maclean) rightly raised concerns about possible local jobs losses due to the takeover; she indicated that it is very important that pensions protections should be put forward, and I will come back to that subject later in my speech.

It is certainly worth underlining the need to invest in young people and in the future by investing in science, technology, engineering and maths skills. It would be remiss of me not to say that that should very much include girls and young women. It should be noted that GKN has committed to young people and STEM subjects. The hon. Lady clearly is not convinced by the proposed takeover by Melrose.

The hon. Member for Birmingham, Northfield (Richard Burden) mentioned the range of assurances that are required about jobs and research and development, which I will come back to. He certainly seems to have no confidence in Melrose. He rightly raised the concern of other local politicians who are involved, including the council leaders and the Mayor. Importantly, he touched on the need for urgent reform of the takeover rules. Perhaps that needs to be looked at a bit more urgently. He also touched on the German model. We know that German manufacturing has been extraordinarily successful because it has been able to take a more long-term view and make long-term investments.

My hon. Friend the Member for Paisley and Renfrewshire South (Mhairi Black) got straight to the nub of the issue with what she said about the UK Government's strategic positioning and industrial strategy. She rightly warned that without the proper resources and investment in manufacturing, the industrial strategy is very much at risk.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths): On that point, let me reassure the hon. Gentleman that the Government are committed to supporting the sectors that he talks about. We are investing £1.95 billion in aerospace and £1 billion in automotive research.

Drew Hendry: I am grateful for the Minister's intervention. It is good to know that that is the intention, but as hon. Members around the Chamber mentioned, that investment could be lost with GKN. Members will be interested to know what assurances he can give that that money will actually stay in the UK's economy.

My hon. Friend the Member for Paisley and Renfrewshire South clearly pointed out the grounds on which the Minister could intervene—I understand that he has difficulties in terms of what he can say about national security and financial stability—and mentioned the uncertainties of Brexit as context for the need to ensure that investment and stability are maintained. Importantly, she also mentioned that the chief executive of the Pensions Regulator wrote to raise his concerns about the long-term prospects for GKN's pension scheme.

The hon. Member for Birmingham, Erdington (Jack Dromey) rightly talked about workers in his constituency, Airbus's warning about taking a short-term approach and the need for a long-term strategic vision. He gave dire warnings from history about the severe jobs cuts at Dynacast and the FKI group. He, too, mentioned the GKN pension deficit. I must say that I am not as assured as he is about the pension fund. Whichever company is in control—GKN or Melrose—must ensure that it is properly funded so that people do not lose out. He underlined the fact that the Government have the powers, should they choose to use them in this case, and rightly talked about his pride in GKN.

The hon. Member for Caerphilly (Wayne David) concentrated heavily on the fact that Melrose is trying to buy a major player in an industry in which it has no experience. He warned about the potential loss of defence and intellectual property, which the Minister should consider very carefully. His point that this may be the last chance to look at that was poignant, and it should be considered. Several hon. Members mentioned that the benefits of automotive and aerospace are realised over decades. A long-term approach is not only required but demanded by the people who will depend on the jobs, by the companies that will need the skills and by the public purse, and therefore the public services, which will be funded by the tax that is paid. Again, the Government should concentrate heavily on that.

I share the concerns expressed by Members around the Chamber about the rights of workers in these companies and their jobs, and about the fact that we should seek to maintain industrial and engineering capabilities, jobs and skills. I underline again the concerns that were raised about the pension scheme: any diminution of the company's ability to pay pensions would be deeply troubling. I will not go over the points that other hon. Members made, but that is critical: people who have given their lifetimes to working in the industry should not be abandoned when the time comes for them to draw their pensions. GKN has pointed out that its pension fund has been driven down by Brexit and currency fluctuations. Hon. Members' national security concerns must also be taken seriously, especially given the intervention on that subject by the Minister's colleague, the Secretary of State for Defence. The Government must carefully consider all the contributions we have heard in deciding whether they will intervene.

4.7 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): It is a pleasure to serve under your chairmanship, Mr Stringer. I thank my hon. Friend the Member for West Bromwich West (Mr Bailey) for calling this important debate and acknowledge the many impressive contributions by Members on both sides of the Chamber. We heard that GKN is one of the world's oldest and most prestigious engineering firms. As an engineer myself, I can imagine people's pride at knowing they are following in such an illustrious tradition. I appreciate the pride of the hon. Member for Redditch (Rachel Maclean) and my hon. Friend the Member for Caerphilly (Wayne David) at having GKN in their constituencies, and that of other Members, too.

GKN is at the centre of the fourth industrial revolution, boasting of strengths in defence, aerospace, automotive, batteries and the internet of things. My hon. Friend the

[Chi Onwurah]

Member for West Bromwich West set out the significance of its economic contribution, and my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) emphasised the significance of its investment in R&D in the United Kingdom. As the shadow Minister for industrial strategy and a chartered engineer, I believe that all those factors make GKN an important part of our future innovation economy. As my hon. Friends the Members for Birmingham, Northfield (Richard Burden) and for Caerphilly emphasised, it plays an important part in our national security, too.

Members on both sides of the Chamber critiqued the Melrose bid. Unite, which represents most GKN workers, has called the bid “predatory” and Melrose an “asset-stripper”. It calls for the Government to halt the bid, as does the Chair of the Business, Energy and Industrial Strategy Committee, my hon. Friend the Member for Leeds West (Rachel Reeves). Melrose contests that, but admits that it would cut GKN’s management, deliver a “fundamental” culture change, sell sections of the company and boost the firm’s profitability through what its CEO calls

“the catharsis of a change of control.”

It sounds like Melrose is an advocate of Schumpeterian creative destruction, but with little regard for what is destroyed or, indeed, created. In practical terms, that could mean the closure of sites and divisions across the UK, the loss of jobs, a threat to pensions, as we heard, and the disappearance of crucial engineering expertise.

As my hon. Friend the Member for Birmingham, Erdington emphasised, Melrose’s record does little to assuage those concerns. It does not make purchases for the long term. The biggest example is its stewardship of Brush Turbogenerators, bought as part of FKI in 2008. Since then, the firm has had five different managing directors, and just last month it announced that it would cut up to 270 jobs in Loughborough and shift production overseas, despite the fact that last year Melrose paid out bonuses worth £160 million to only four people. My hon. Friend the Member for Redcar (Anna Turley) remarked earlier this week that meeting representatives from Melrose was like “meeting neoliberalism in person.”

However troubling we might find Melrose’s practices, this is not about just one company; it is about how our economy works. The Secretary of State for Business, Energy and Industrial Strategy hosted and attended the first meeting of the University College London commission for mission-oriented innovation and industrial strategy, chaired by world-leading economist Mariana Mazzucato. In her new book, she argues that the “two faces of financialisation” are at the heart of capitalism’s fundamental failure. The first is the way in which the financial sector has stopped resourcing the real economy—making stuff. Instead of investing in companies that make stuff, finance is financing finance.

The second aspect is the financialisation of the real economy, with industry driven by short-term returns, which results in less reinvestment of profits and rising burdens of debt in a vicious cycle, which makes industry ever more driven by short-term considerations. Such finance is not neutral but changes the nature of what it finances. As we have seen in Melrose’s approach to

managing Brush, its short-termism has led it to neglect the difficult, costly business of maintaining sunk assets such as factories or developing new technologies, such as those we heard about in the automotive sector. Melrose’s expenditure on R&D is proportionally less than a fifth of GKN’s.

Melrose’s track record indicates that it will focus on strategies such as offshoring jobs that neglect people and places but provide an immediate financial return. A Melrose takeover would therefore lead to the financialisation of GKN, placing UK jobs under threat and eroding our industrial base. That was very much the point made by Tom Williams, the chief operating officer of Airbus, when he said it would be practically impossible for his company to give new work to GKN after a Melrose takeover.

The debate is not about Melrose alone but about how our country’s economy works. As the Leader of the Opposition said last month at the EEF conference:

“The next Labour Government will be the first in 40 years to stand up for the real economy. We will take decisive action to make finance the servant of industry, not the masters of all.”

In the immediate term, as Members on both sides have said, there are powers that the Government can use to stop the Melrose takeover. When I mentioned that in the Chamber to the Secretary of State, he said, correctly, that according to the Enterprise Act 2002 he could intervene

“only in mergers that raise public interest concerns on the grounds of national security, financial stability or media plurality.”—[*Official Report*, 13 March 2018; Vol. 637, c. 711.]

As others, including Unite and the BEIS Committee have made clear, the proposed takeover raises national security concerns, given GKN’s close involvement with sensitive defence projects. While the Minister cannot answer in detail, will he answer in principle whether the Government believe that Melrose’s proposed takeover could raise public interest concerns on the grounds of national security? Will he explain what process the Government will go through in reaching a conclusion?

The Secretary of State also praised his Government’s corporate governance reforms, which

“have ensured that GKN had longer to prepare its defence, preventing the kind of smash and grab raid that Cadbury’s was subjected to under the previous Government”.—[*Official Report*, 13 March 2018; Vol. 637, c. 711.]

That has been mentioned in the debate. Kraft’s takeover of Cadbury in January 2010 did prompt changes to the takeover code in 2011 and further amendments to the takeover regime with the Enterprise and Regulatory Reform Act 2012, which set up the Competition and Markets Authority. I served on the Bill Committee, when Labour proposed amendments to strengthen the new CMA and broaden the scope of the public interest test. For example, one amendment would have allowed the Secretary of State to consider the effects of the proposed merger on the long-term competitiveness of the UK economy as part of the public interest test.

I sat and watched as the Government voted down amendment after amendment that would have provided them with a framework to act. Will the Government now explore and legislate for the expansion and broadening of the public interest test, which they failed to do six years ago? That would not be without precedent—for example, the financial stability clause, added in 2008 during the financial crisis. Can we tighten the financial

stability test to include considerations of long-term financial viability, as suggested by the hon. Member for Paisley and Renfrewshire South (Mhairi Black)?

Only this morning, Unilever announced that it will relocate its headquarters from London to Rotterdam. One key factor in that decision was the greater protection afforded to the company by Dutch takeover law. Will the Government look at improving the protection offered by takeover rules to British companies?

Both Dana and Melrose have questions to answer with regard to the future of pension schemes that GKN is currently responsible for. Will the Minister explain what assessment has been made of the schemes and what assurances the Government have sought?

The Secretary of State talks of building an economy for the long term, just as his predecessor did. This is a litmus test for his industrial strategy. It cannot hold if time and time again our most successful and innovative companies are taken over and then taken apart. Investing in innovation is a long-term bet; Melrose is a short-term player. Do the Government have the will to build a high-skill, high-wage, high-productivity economy, or is casino capitalism what our future holds?

Graham Stringer (in the Chair): Before I call the Minister, I ask him to leave three minutes at the end to allow Adrian Bailey to sum up.

4.18 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths): It is a great pleasure to serve under your chairmanship, Mr Stringer. I think that gives me nine minutes to cover the points and address the issues raised by hon. Members, so, to coin a phrase, I will crack on. I congratulate the hon. Member for West Bromwich West (Mr Bailey) not only on securing the debate but on the thoughtful, clear tone in which he made his contribution. He has no constituency interest but raises this issue because he cares passionately about the UK economy and our manufacturing industry in particular. I applaud him for that.

The context is important. The hon. Member for Newcastle upon Tyne Central (Chi Onwurah) said we want to be a nation of makers, and it is important to recognise that we have just seen the longest consecutive period of growth in manufacturing in the UK for 50 years. I am therefore pleased to report to the House that manufacturing is in rude health. The United Kingdom is a successful open economy and the Government's industrial strategy, which has been discussed at length today, will build on our strengths and address our weaknesses to create a Britain fit for the future.

A key part of the UK's dynamic economy is our mergers regime. Mergers and takeovers can bring benefits to both consumers and the UK economy. I can report to hon. Members that the UK has the third-highest foreign direct investment stock in the world, behind only the US and China. That investment means jobs in growing sectors and opportunities to develop skills, and it helps companies deliver products and services at competitive prices. Mergers and takeovers also provide important opportunities for companies to grow and innovate. Many of the UK's most successful companies have grown through mergers and takeovers, both in the UK and abroad.

The UK's merger regime is highly regarded the world over due to its design. The regime, based on transparent rules administered consistently by expert bodies, recognises that decisions are primarily a matter for the shareholders and restricts the role of Ministers to transactions that raise public interest concerns. As a result, the regime offers clarity for businesses and maintains investor confidence.

For example, the takeover code, administered by the independent Takeover Panel, provides a robust framework to ensure that takeovers of listed companies are conducted in an orderly manner with fair treatment of the shareholders. The Takeover Panel has repeatedly strengthened the code. Its most recent changes, which came into effect on 8 January 2018, require bidders to make earlier and fuller disclosure of takeover plans and to give companies subject to a bid more time to prepare their response—the question that the hon. Member for Newcastle upon Tyne Central raised earlier. Those changes have applied to the bid by Melrose.

Dr Julian Lewis (New Forest East) (Con): I apologise for coming late to the debate. While what the Minister says is absolutely beyond question, does he accept that where the defence of the realm is concerned, certain other considerations must also apply?

Andrew Griffiths: I thank my right hon. Friend, who as always makes a salient and sensible contribution to the debate. I agree with him wholeheartedly that the defence of our nation is the most important point in any of these decisions.

As hon. Members have heard, the Enterprise Act 2002 grants Ministers statutory powers to intervene in mergers that give rise to public interest concerns only on the grounds of national security, financial stability or media plurality. The hon. Member for Paisley and Renfrewshire South (Mhairi Black) raised the issue of that financial stability. It is the financial stability of the country's economy as a whole. This Government take very seriously our responsibility to protect national security in particular, and we are robust in assessing any possible public interest concerns and carefully considering when those powers should be exercised. If necessary, they will be exercised.

I appreciate that there has been much speculation about the potential use of those powers in this case. However, as we heard earlier, public interest interventions are quasi-judicial in nature. It is therefore important that Ministers act, and are seen to act, impartially, on the basis of an open mind and of the evidence available. For that reason, it is not appropriate for me to comment on their use in this individual case. As hon. Members might expect, my right hon. Friend the Secretary of State and I have taken a close interest in events. He has spoken to the chief executive officers of both GKN and Melrose to understand their intentions and to make it clear that he wants an open line with the companies, consistent with his potential statutory role in the process.

The bid, however, is primarily a commercial matter for the parties concerned, and we wait to see how things develop. GKN shareholders now have until 29 March to decide whether to accept the Melrose bid. It has become clear that, regardless of whether the takeover by Melrose is successful, GKN will not be the same company we know today. Beyond the potential sale of

[Andrew Griffiths]

the Driveline, both GKN and Melrose have outlined plans to sell the powder metallurgy business and other non-core businesses. There remains the distinct possibility that, irrespective of which party ultimately controls GKN after the resolution of the bid, it will choose to sell all or parts of GKN's current business to foreign companies.

On 13 March, Melrose wrote to the Business, Energy and Industrial Strategy Committee at its request, setting out the company's position on pensions and post-offer undertakings. In addition to the conversations held between the Government and the parties involved, the hon. Member for Newcastle upon Tyne Central, who raised the question of Unite, will be pleased to know that the Secretary of State has been in close contact with the union.

I know that some hon. Members have concerns about GKN's pension schemes. Individual cases are a matter for the independent Pensions Regulator, but the Government are aware that the parties are in discussions with the pension trustees, who have made their expectations clear. The hon. Member for West Bromwich West raised the issue of R&D investment; Melrose has told the Business, Energy and Industrial Strategy Committee that it supports R&D and will maintain the level of investment in R&D that GKN has spent in the past, which I think was 2.2% of sales between 2014 and 2016.

The hon. Gentleman also mentioned the question of how France and Germany could block takeovers. The reality is that they cannot. The UK's takeover rules are based on EU takeover rules, which apply to all European countries and limit the ability of national Governments to block mergers unless they are based on national security, financial stability or media plurality grounds. France and Germany would also be unable to block a takeover of that kind due to EU takeover rules.

My hon. Friend the Member for Redditch (Rachel Maclean) is a doughty fighter for her constituents, and I know how passionate she is about this issue. She asked whether we are confident about the assurances Melrose has given about the UK headquarters. Under the takeover code, companies can make legally binding post-offer undertakings, and that is an important element. The hon. Member for Paisley and Renfrewshire South raised the question of pensions. Of course, it is a matter for the Pensions Regulator and it would be inappropriate for me to comment; however, the Government understand that the Pensions Regulator is in discussion with all parties.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry)—I hope I got that right—asked what assurances we can give that Government R&D investment will stay in the UK. I can tell him that Government grants to support R&D are awarded on

the basis of R&D carried out in this country, so the conditions of any contract with Government would mean that those responsibilities would transfer to the new company.

Drew Hendry: I appreciate the Minister's giving way in the limited time he has. I want to make it clear that my concern was that the investment, and therefore the resulting intellectual property, might be lost elsewhere.

Andrew Griffiths: I understand the point that the hon. Gentleman makes.

Finally, my hon. Friend the Member for Redditch asks what the Government are doing to further strengthen the codes. I will highlight that the Government are exploring proposals to strengthen our powers to scrutinise investment for national security purposes, which would bring our regime in line with those of other developed countries. The national security and infrastructure investment review that my hon. Friend talked about closed in January, and the Government will publish its firm proposals in a White Paper this year.

The Government will continue to monitor the situation very closely over the days and weeks ahead, and I can assure hon. Members that we will always act in the best interests of the country.

4.28 pm

Mr Bailey: My experience of parliamentary scrutiny of takeover bids, from Kraft and Cadbury to Pfizer and AstraZeneca and, I hope, this one, is that, irrespective of the outcome, the fact that Parliament has scrutinised it has benefited the outcome—first, by holding the Government to account, and secondly, by holding the participant companies to account.

I make no apologies for having the debate, because I feel it is performing an essential role of Parliament. Today's debate has demonstrated that, by demonstrating the unanimous strength of opinion on both sides of this House on the issues arising from this particular takeover bid, and the earnest desire that the Government use all the powers they have to intervene in the best interests of not just GKN but our economy, our productivity, our employment, our pensions and so on.

I understand the quasi-judicial role that the Government have in this matter and how that might inhibit any public pronouncement, but in this debate we have spoken clearly and demanded action. The debate reflects the opinion of Parliament in general, and I ask the Minister to act in the best interests of GKN and our economy.

4.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Thursday 15 March 2018

DEFENCE

Baseline Profit Rate 2018-19

The Secretary of State for Defence (Gavin Williamson): I am today announcing that I have set the baseline profit rate for single source defence contracts at 6.81%, in line with the rate recommended by the Single Source Regulations Office (SSRO). I have also accepted the methodology used by the SSRO to calculate this figure.

I am also announcing new capital servicing rates and an SSRO funding adjustment as recommended by the SSRO, which can be found at table 1 below. These rates have also been published in the *London Gazette*, as required by the Defence Reform Act 2014.

All of these new rates will come into effect from 1 April 2018.

Table 1: Recommended Rates agreed by the Secretary of State for Defence.

Element	2017 rates	2018 rates
Baseline Profit Rate (BPR) (% on contract cost)	7.46%	6.81%
Fixed Capital Servicing Rate (% on Fixed Capital employed)	4.84%	4.38%
Working Capital Servicing Rate (% on positive Working Capital employed)	1.37%	1.21%
Working Capital Servicing Rate (% on negative Working Capital employed)	0.59%	0.53%
SSRO Funding Adjustment	-0.025%	-0.024%

[HCWS550]

EDUCATION

School Condition Allowance

The Minister for School Standards (Nick Gibb): My hon. friend the Under-Secretary of State for the School System (Lord Agnew) has made the following written ministerial statement:

Today, I am announcing the allocation of £1.4 billion in 2018-19 to maintain and improve the condition of the education estate. Investing in our school buildings is a key part of the Government's plan to ensure that every child has the opportunity of a place at a good school, whatever their background.

For the financial year 2018-19, the £1.4 billion of funding includes approximately:

£0.7 billion for local authorities, voluntary aided partnerships, larger multi-academy trusts and academy sponsors, to invest in their own condition priorities.

£0.5 billion for academies and sixth-form colleges through the condition improvement fund—the outcomes of bids to this fund will be announced later this year.

£0.2 billion of devolved formula capital to be allocated directly to schools later in 2018.

To provide stability for schools while we review the approach to capital funding for 2019-20, we have continued the existing capital funding approach for the financial year 2018-19.

In addition, £100 million of revenue generated from the soft drinks industry levy will be provided in 2018-19 for the healthy pupils capital fund. This fund is intended to improve children's and young people's physical and mental health—for example, by improving playgrounds and sports facilities, or kitchens, dining or medical facilities. The healthy pupils capital fund is being allocated alongside 2018-19 school condition funding.

Details of today's announcement will be published on the gov.uk website, and copies will be placed in the Library of the House.

[HCWS546]

FOREIGN AND COMMONWEALTH OFFICE

Hong Kong: Sino-British Joint Declaration

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): The latest six-monthly report on the implementation of the Sino-British Joint Declaration on Hong Kong was published today, and can be found as an on line attachment. It covers the period from 1 July to 31 December 2017. The report has been placed in the Library of the House. A copy is also available on the Foreign and Commonwealth Office website: www.gov.uk/government/organisations/foreign-commonwealth-office. I commend the report to the House.

Attachments can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-03-15/HCWS544/>.

[HCWS554]

HOME DEPARTMENT

Commission for Countering Extremism

The Secretary of State for the Home Department (Amber Rudd): I am today confirming Ms Sara Khan's appointment to the role of lead commissioner of the Government's new Commission for Countering Extremism. All necessary pre-employment checks have been completed.

Ms Khan's appointment follows a rigorous and transparent competition carried out in accordance with the Cabinet Office's governance code on public appointments. I am delighted that Ms Khan will drive forward the vital work of the Commission for Countering Extremism. Ms Khan's extensive experience in countering extremism and defending the rights of women and girls, and her determination to confront and challenge extremism wherever it resides makes her ideally suited to this role.

Extremism causes a wide range of harms, including the promotion of hatred and division, discrimination against women and girls, the encouragement of isolation, and the rejection of our democratic system and the rule of law. The Commission for Countering Extremism will have a clear remit to identify extremism in all its forms, whether online or in our communities.

As we consider new approaches to tackling extremism, I believe that there is much that can be learnt from how society sought to tackle racism in the last century. In particular how the state and civil society worked together to take on and challenge a set of attitudes and beliefs that have no place in this country.

I have agreed with Ms Khan that her early priorities will include:

Engaging widely and openly on extremism and Britain's values across the public sector, communities, civil society, and with legal and academic experts.

Producing a strategic assessment of the threat we face from extremism, and the current response.

Advising Ministers on the Commission's future structures, work programme and the appointment of further commissioners. This advice will in part be informed by the lead commissioner's engagement with stakeholders.

The Commission will also produce an annual report on its work.

Alongside this statement, I have today published a charter for the Commission, which sets out its relationship with the Government and the public. The Commission for Countering Extremism will initially be established as a non-statutory expert committee of the Home Office. It will operate independently, at arm's length from Government.

The Commission will play a crucial role in supporting the Government and their partners to tackle the scourge of extremism and stand up for the shared values of the mainstream majority. I look forward to working with Ms Khan on this shared agenda.

[HCWS547]

Justice and Home Affairs: Post-Council Statement

The Minister for Policing and the Fire Service (Mr Nick Hurd): The EU Justice and Home Affairs Council of Ministers met on 8 and 9 March in Brussels. I represented the UK for Interior day.

Interior day (8 March) began with a discussion on co-operation between common security and defence policy operations and EU JHA agencies. Ministers endorsed an initiative to more effectively co-ordinate the activity and improve the exchange of information between JHA agencies and EU security and defence missions in third countries.

This was followed by an exchange of views on the implementation of the directive on the use of passenger name record (PNR) data. Member states provided updates on progress of their implementation. I intervened to reiterate the UK's existing capability for processing PNR data, and offered to share expertise with other member states.

Ministers then discussed co-operation with the western Balkans on security and counter-terrorism, with reference to the European Commission's western Balkans strategy, which was published in February. The Government is supportive of the EU's efforts to building stronger co-operation in this region. The Government are committed to working closely with European partners on this issue and will be hosting the western Balkans summit 2018 in July, at which security will form a strong element.

Over lunch, Ministers discussed progress made on combating the threat posed by terrorist use of the internet, including engagement with industry and the work of the EU internet forum. The Government remain committed to preventing terrorist use of the internet and are supportive of both the EU internet forum and the Global Internet Forum to Counter Terrorism in tackling this issue. I conveyed the Government's development, announced by the Home Office in February, of new technology to

automatically detect terrorist content on any online platform and offered to share the tool with European partners.

In the afternoon, there was a discussion on the increasing role of JHA agencies in counter-terrorism with a focus on the potential future strategic direction of these agencies. The Government welcome the growing role of JHA agencies in helping member states counter terrorism and recognise the need to maximise the effectiveness of existing systems. I reiterated the UK's commitment to appropriate data sharing with Europol and supported improved co-operation between JHA agencies and third countries, as long as human rights and data protection safeguards are in place.

Ministers then discussed the proposed regulation on establishing a framework for inter-operability between EU information systems for enhancing external border management and internal security. Member states agreed to aim for conclusion of Council negotiations by the end of June to allow agreement with the European Parliament by the end of 2018. I intervened to underline the importance of all EU member states and Schengen states having access to information from all EU databases under this system.

On migration, member states generally agreed with the presidency's priorities on the way forward, including strengthening the external border, improving returns and co-operation with third countries. I announced that the UK will be resettling up to 100 of the most vulnerable refugees evacuated from Libya, and that the UK has also now resettled over 10,000 vulnerable refugees affected by the Syrian crisis since 2014. I also announced that the Government have renewed our offer to continue specialist deployments to Greece.

Justice day (9 March) began with a discussion on the recast of the Brussels IIa regulation, which focussed on how to best ensure adequate resourcing of central authorities, which play a key role in judicial co-operation on matters of parental responsibility. The presidency concluded, in line with the position taken by the UK and a majority of member states that adequate resourcing for central authorities was important, but that the level of resourcing should be left to the member states.

A general approach was reached on the proposed directive on combating fraud and counterfeiting of non-cash means of payment. The UK has not opted in to this directive.

There was an update on the preparatory steps needed to be taken to ensure that the European public prosecutor's office (EPPO) becomes operational in 2020. The UK is clear that it will not participate in the EPPO.

There was also a policy debate on work to improve law enforcement access to cross-border e-evidence. The Commission will publish a legislative proposal in April. The discussion focused on ensuring that EU and US law is complementary and member states supported the exploration of an EU-US agreement on e-evidence. The UK intervened to recognise the importance of addressing the obstacles to obtaining e-evidence.

Over lunch, representatives from member states discussed radicalisation in prisons, agreeing on the importance of continuing to share experience and best practice.

The Commission also presented recommendations concerning illegal content on online platforms that were published on 1 March and highlighted the link with the code of conduct on countering illegal hate speech online. [HCWS548]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

Local Government

The Secretary of State for Housing, Communities and Local Government (Sajid Javid): On 9 January, I announced to the House the appointment of Max Caller CBE as inspector to conduct an independent inspection of Northamptonshire County Council (NCC) to better understand the NCC's compliance with its best value duty.

The inspector has today sent me his report which he has also copied to the council. I am placing a copy of that report in the Libraries of both Houses and a copy can be found online at:

<https://www.gov.uk/government/publications/northamptonshire-county-council-best-value-inspection>.

The report contains challenging findings:

The inspector has identified that the council has failed to properly comply with its best value duty for some time. This is not because of lack of funds: as the report states, the council's "Mind the Gap" analysis "does not demonstrate that NCC has been particularly badly treated by the funding formula".

The report sets out in some detail the governance failings which have culminated in the council's chief finance officer issuing a section 114 notice to stop new spending and KPMG's advisory notice on the council's budget. It concludes

"living within budget constraints is not part of the culture of NCC".

These findings appear very serious indeed both for the council and its residents. The inspector has made recommendations for how improvement can be secured. He rules out the option of an internally led strategy and suggests that commissioners should be appointed in the short term to ensure the proper running of the council and delivery of services for its taxpayers, while proposals for restructuring are developed as a longer term solution.

I am grateful to the inspector and his team for the thoroughness of their work and the clarity of their conclusions. I will now consider in detail their report's findings and proposals for the future. I will make another statement to the House setting out my proposals for

next steps, including whether or not to exercise my powers of intervention under section 15 of the 1999 Act, in due course.

[HCWS545]

WORK AND PENSIONS

Employment and Support Allowance

The Secretary of State for Work and Pensions (Ms Esther McVey): On 14 December 2017 my predecessor provided a statement to the House on how the Department will be undertaking work to correct underpayments that may have occurred as a result of how a proportion of incapacity benefit claims were transitioned to employment and support allowance between 2011 and 2014. I wanted to take this opportunity to update the House on how this work is progressing.

My Department will be reviewing close to 300,000 cases, of which just under a quarter have been underpaid. We have begun contacting individuals and making payments. We are actively recruiting staff and have scaled up the team undertaking the work from 10 to 50 in December last year, which will grow further to 400 from April, allowing us to deal with the situation at pace.

I know many Members will want to provide reassurance to their constituents who think they may have been affected. I can assure the House that my Department will be contacting all those identified as potentially impacted. We have been engaging with external organisations that often provide support and advice to our claimants, so that they too can be confident that we have a robust process in place, and can provide individual advice should they be contacted.

Today I can confirm that, based on departmental analysis, we will be prioritising any individuals whom we know from our systems to be terminally ill. Thereafter we will work through the cases identified as most likely to have been underpaid according to our systems. We have also undertaken an equality analysis to support this prioritisation approach.

Once an individual is contacted, and the relevant information gathered, they can expect to receive appropriate payment within 12 weeks. I can also confirm that once contacted, individuals will be provided with a dedicated free phone number on which they can make contact with the Department.

Like my predecessor, I am committed to ensuring that all cases are reviewed and paid by April 2019.

[HCWS549]

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